

# AUTOMOTIVE EXECUTIVE

OFFICIAL  
PUBLICATION  
OF THE NATIONAL  
AUTOMOBILE  
DEALERS  
ASSOCIATION

July 1983 Volume 5, Number 7

**RICK WARNER:  
TOP-NOTCH DEALER**

**NEW DIRECTIONS IN  
AUTO TRADE ASSOCIATIONS**

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For instance, NADA led the fight to kill the FTC's Used Car Rule. NADA went to court to protect factory distribution of crash parts through franchised dealers. And NADA has successfully lobbied for new state franchise laws to bring more equity into dealer-manufacturer relations.

Because of your membership, and the membership of other dealers just like you, we won these and many other important victories. Speaking through NADA, dealers have made their voices heard. But we can only get results when each of us supports our association.

Right now dealers are working to pass federal legislation that would outlaw subsidies paid to fleet operators if those subsidies are not also paid to other purchasers, including dealers. But we can't win this battle without the help of each and every dealer.

You can help by continuing your membership. Politics and lobbying are a numbers game. The larger we are, the stronger our voice will be.

Dealers need as strong a voice as possible in Washington and at the factories. By continuing your membership and support, you'll make sure our voice remains strong. ☐



# Executive Notes

**Poll shows Americans favor domestic autos.** A nationwide Harris poll reports that Americans now think they get more value, performance and quality from domestic automobiles than from Japanese imports, a dramatic turnaround from last year. Of the 1,505 respondents to this year's poll, 44 percent said they get more value for their money in the U.S.-made car, while 41 percent preferred Japanese vehicles. In 1982, only 38 percent favored U.S.-made cars while 49 percent voted for Japanese cars. ■

**New design center for Chrysler.** Chrysler Corp. is establishing a new Advance Product Design Center in southern California. The new 35,000-square-foot facility, to be called "Chrysler Pacifica," is located on more than 2.5 acres in Carlsbad, CA. Chrysler Pacifica will be responsible for initiating Chrysler's advanced exterior and interior design concepts for projects from four to eight years in the future. ■

**New program for Cadillac dealers.** Cadillac is launching a new information/training system for its dealers, aimed at providing complete customer satisfaction for Cadillac owners.

The new effort, called the Cadillac Complete Customer Satisfaction System (CCS), will provide specialized training to dealership personnel in a number of managerial disciplines. Dealers that enroll in the CCS system will receive continuing information on how to improve and update their dealership service operations. ■

**An "Encore" for AMC.** American Motors has announced that there will be an "encore" to this year's highly successful Renault Alliance: 3-door and 5-door hatchback models for 1984 to be called the "Renault Encore."

The front-wheel-drive Encore hatchbacks will be built off the same platform as the 1983 Renault Alliance. Production will begin this month at AMC's Kenosha, WI, plant, and public introduction is scheduled for late September. ■

**The most aerodynamic sedan.** According to Porsche Audi, the new 1984 Audi 5000S is the most aerodynamic sedan in the world. With a drag coefficient of 0.33, the 5-passenger luxury sedan requires less energy to slice through the air than most low-slung sports cars.

While retaining the body shape of a formal sedan, the new Audi has a futuristic look, enhanced by the use of flush glass all around. Six wind tunnels across Europe were used to perfect the sleek contours of the 1984 Audi 5000S, and the result is energy-efficient and quiet inside. ■

**Toyota offers repair manuals to independents.** Toyota Motor Sales U.S.A. Inc. is offering factory-prepared collision repair manuals, covering the entire line of Toyota cars in the U.S., to independent body repair shops.

2 Toyota says that although it's unusual for a manufacturer to offer such detailed manuals outside its own dealerships, the company's chief concern is preserving its product quality. "We

think it's vital that our vehicles are repaired with proper techniques to maintain the quality and dependability that were built into them," says Robert Schrandt, corporate service manager of Toyota Motor Sales U.S.A. Inc. ■

**Ford celebrates 80th anniversary.** Ford Motor Co. observed its 80th anniversary on June 16. Few companies have been as closely identified with the history and development of 20th century America as Ford.

At the time of its incorporation in 1903, Ford was a tiny operation in a converted Detroit wagon factory staffed with 10 people. Today, the company is one of the world's largest industrial enterprises. More than 375,000 people work in Ford's active manufacturing assembly and sales operations in 29 countries, on six continents.

Ford Chairman Philip Caldwell said that "Throughout this century, Ford has been helping to shape the world's future." ■

**Mobile mountain.** Mercedes-Benz engineers have developed a means of duplicating the rigors of mountain driving for testing new brake systems while on level ground. The device, called a "brake trailer," is towed by the test car at the factory proving ground. It uses a computer, sophisticated hydraulics and a small engine to generate the same forces and resistances that would be encountered on mountain passes. ■

**Highway vacations most popular.** Traveling by highway—in recreation vehicles (RVs), cars and passenger trucks—will be the most popular way for Americans to take their summer vacations again this year, way ahead of airplane, bus and train travel, according to a recent survey by the U.S. Travel Data Center (USTDC).

The survey, based on interviews with 6,000 adult Americans, found vacation travel overall will increase and summer trips will be longer and farther than last year. ■

**Another shopping mall dealer opens.** Bill Currie Ford, in Tampa, FL, recently opened a showroom in the Tampa Bay Center shopping mall. Although other makes are represented in mall showrooms across the country, this is a first for Ford Division.

The main purpose of this 4,400 square foot mall showroom is to increase consumer awareness of Ford Division products. If this test site is successful, Ford will seek further mall locations. ■

**Ford of Europe completes wind tunnel.** The *Runzheimer Reports on Transportation* newsletter notes that Ford's new aerodynamics wind tunnel at its research center in West Germany is nearing completion. The tunnel will be used for aerodynamic studies during the development of body designs for Ford's entire product line, from automobiles to light trucks. In addition, Ford will use the tunnel for pressure distribution measurements, dirt deposition studies, flow visualization and wind noise investigations. □



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**George Chase**

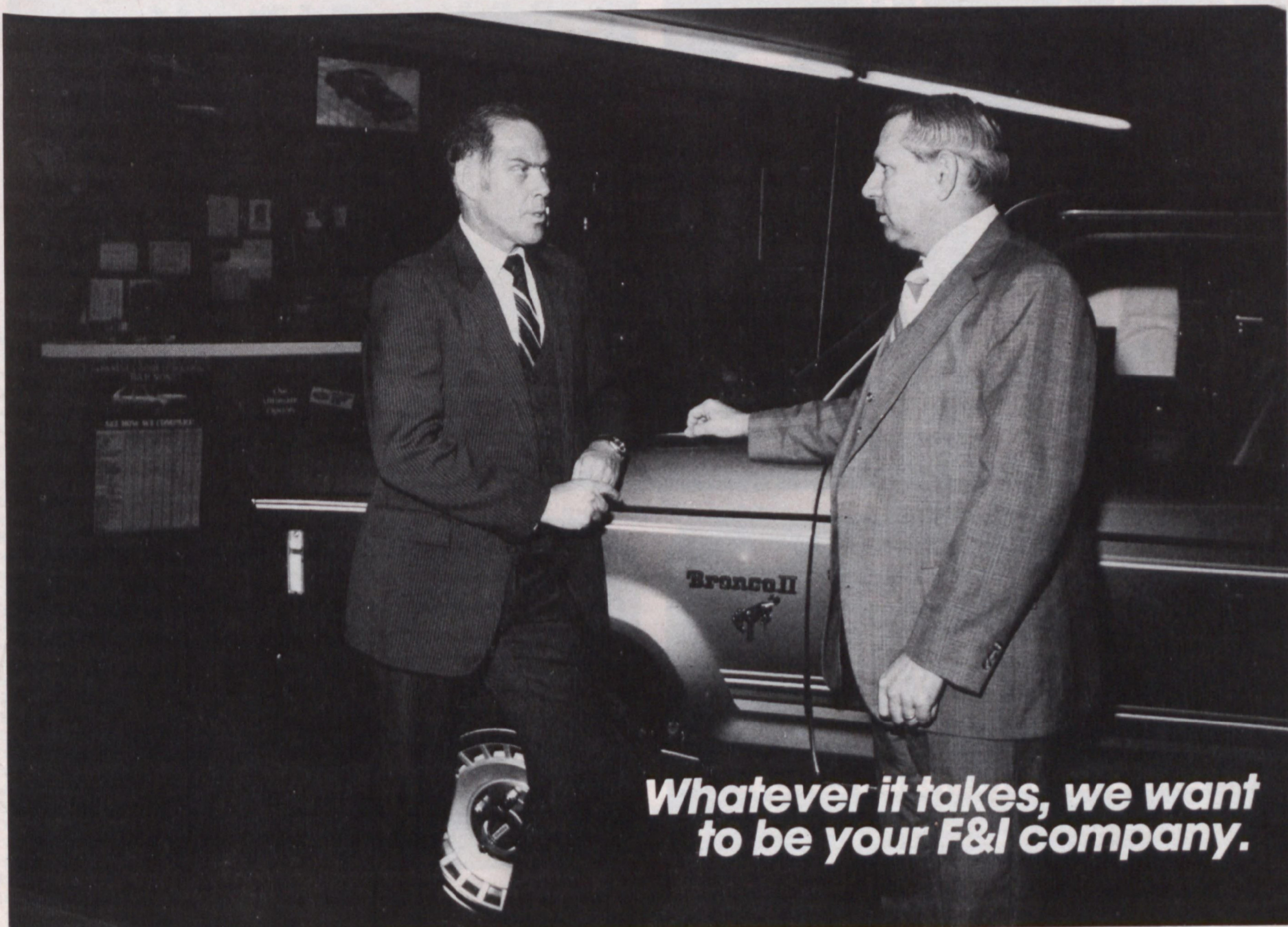
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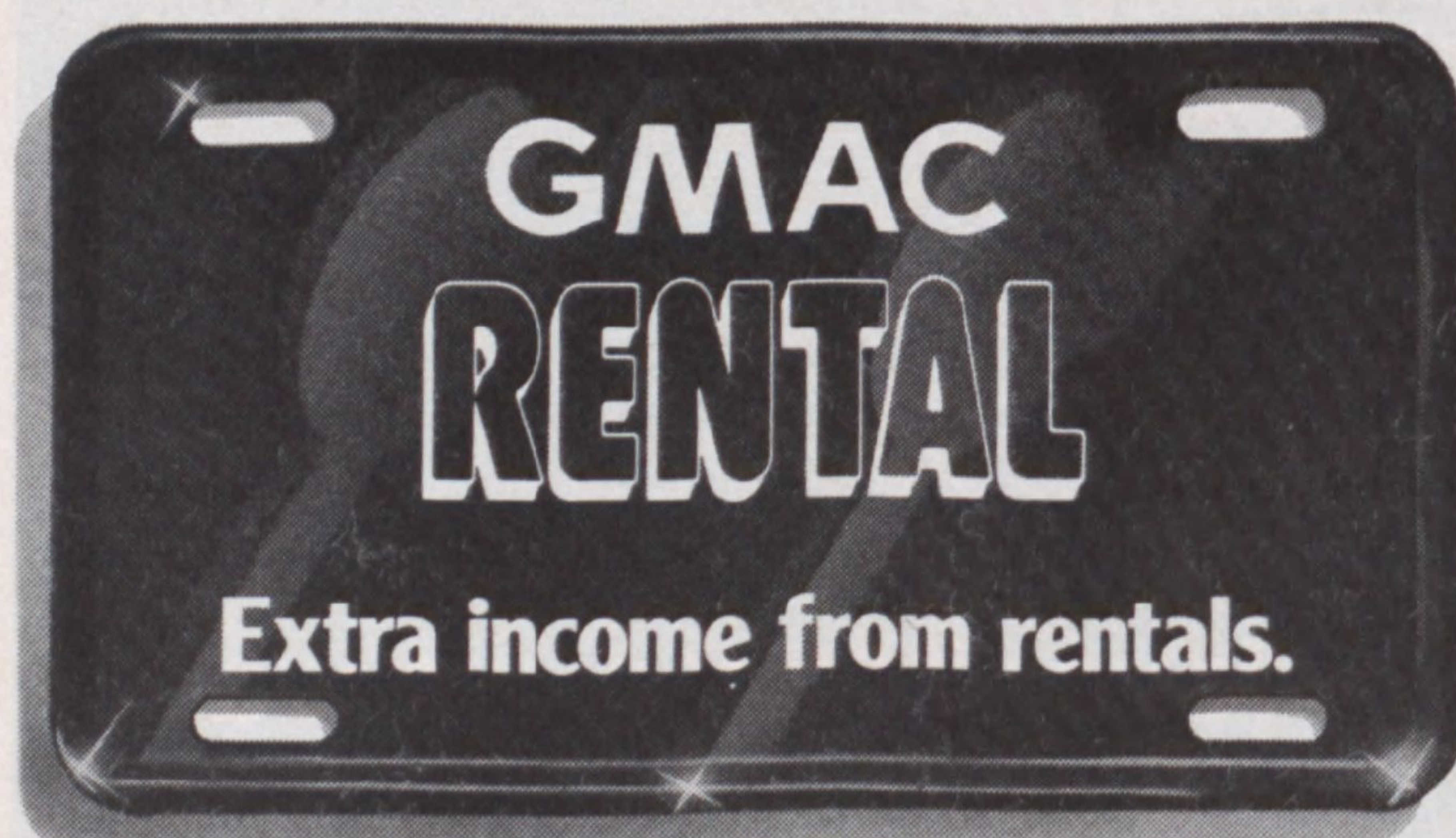
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JULY 1983 VOLUME 5 NO. 7

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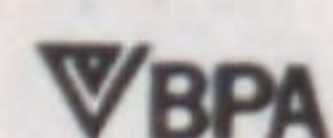
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## Diversifying Your Used-Vehicle Inventory

If you drive by the used-vehicle display area of most franchised dealers, you'll notice that their lots are full of the same brand of cars they carry in their new-vehicle showrooms: Ford dealerships stock mostly Fords, and Chevrolet dealerships stock mostly Chevys. Since the public buys used vehicles by make in about the same ratio as new vehicles, your used-vehicle inventory should have a similar mix. This means that in order to satisfy more customers, you will have to buy used vehicles from sources other than your new-vehicle department (such as auctions and wholesalers). A diversified inventory helps you keep the best salespeople and learn more about the market. It can also turn your dealership into a market center for used vehicles. ■

### Delivery Coordinator

NADA 20-Group dealer Bill Mills of Zimbrick Inc., Madison, WI, noticed that the salespeople at his dealership usually delivered their sold vehicles in the evenings and Saturdays. These times also correspond with the dealership's peak selling hours, which means that the salespeople were losing valuable floor time. In addition, once the units were delivered, the paperwork was often incomplete and information given to customers regarding their warranties was sometimes incorrect.

To eliminate these problems, a new position was created. A "delivery coordinator" became responsible for scheduling get-ready work, any paperwork and deliveries. Although the salesman is still present at the time of delivery, he usually only takes time to say "thank you" and introduce the customer to the delivery coordinator. This procedure, along with proper follow-up, has alleviated the salesman's initial fears of losing customer contact. The dealership now has consistent paperwork,

quality control and only one voice explaining warranty and service requirements. The new program has also increased salesmen's productive floor time. The success of the new procedure is evident in the improved morale of the sales force. ■

### Job Descriptions

For an employee to do a good job, he must first know what is expected of him. Bob Helphenstine of Palm Chevrolet-Olds, Punta Gorda, FL, used the following procedure to define job descriptions in his dealership.

Each employee was asked to define his responsibilities and current duties, and name his immediate supervisor. The employees were given a week to complete the assignment. During the same week, Helphenstine also recorded duties he thought each employee's job description should contain.

At the end of the week, the employees' lists were collected and compared to the dealer's descriptions. In most cases the lists were *not* the same—the employees were doing jobs that the dealer did not know existed and were failing to do what the dealer considered priority duties. Some employees did not know who was their immediate supervisor.

After comparing the employees' lists and his own, the dealer wrote job descriptions for each employee. The department managers then met with each of their employees and explained the new job descriptions. A copy was signed by the employee and the manager and placed in the personnel file. These job descriptions became a working standard used to grade employee performance. □

This column is prepared for **Automotive Executive** by consultants in NADA's 20-Group program. The ideas are drawn directly from participating dealers. For further information, call (703) 821-7220.



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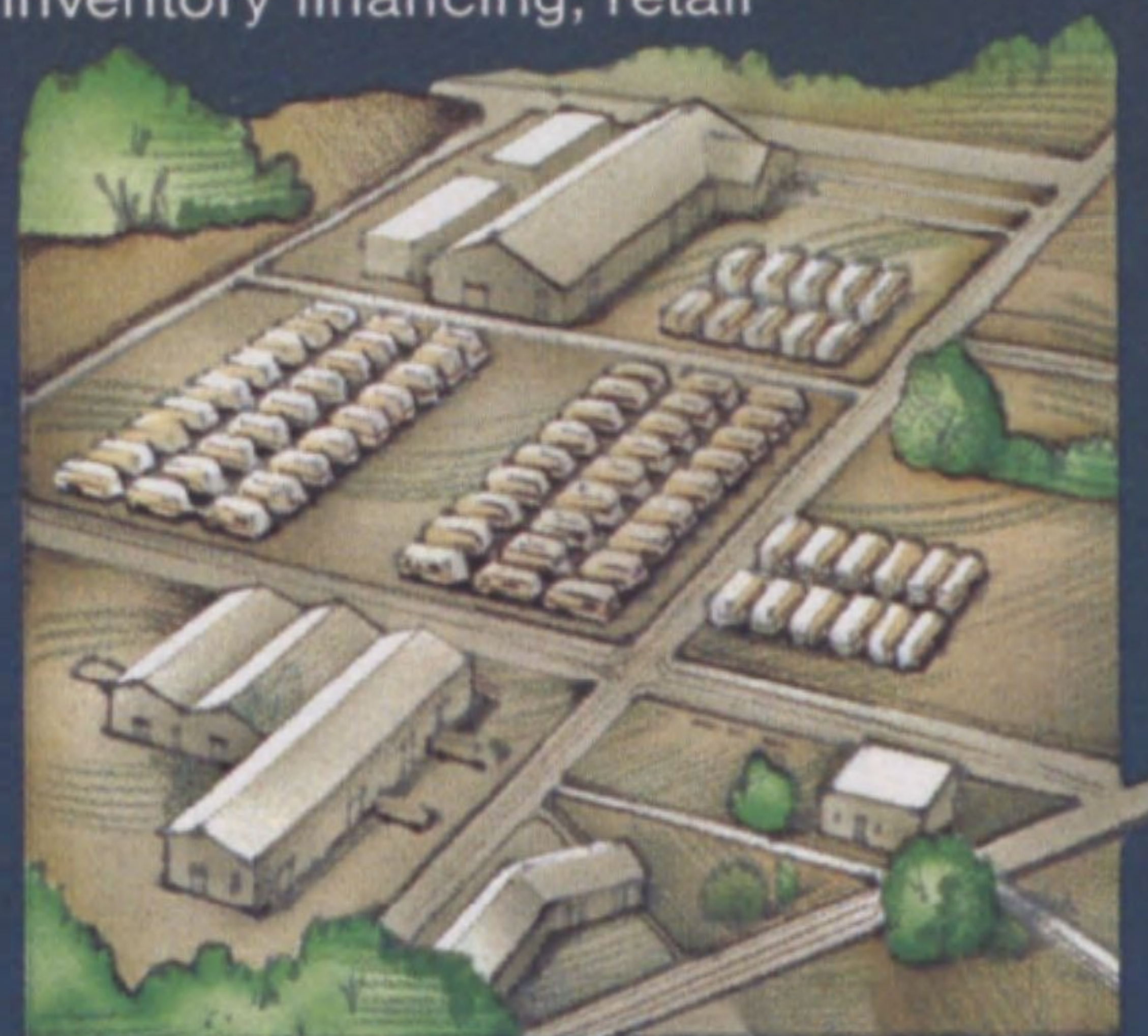
## **Coachmen is solid.**

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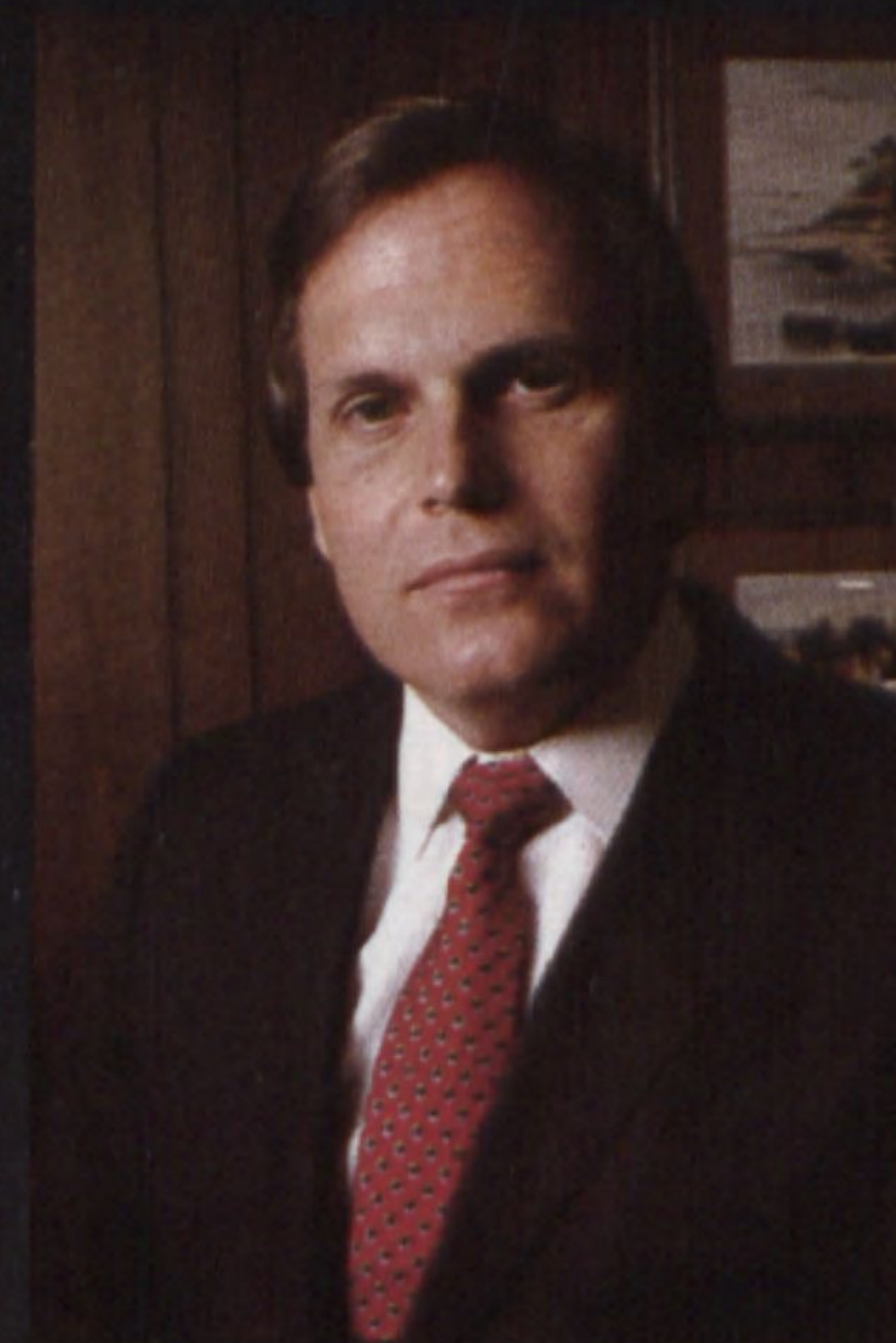
# Coast To Coast With The First American Eagle



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Bill Musgrave, V.P., Finance, JRH, Inc. points out, "We've been extremely pleased with First American. They're the strongest in the field. The investment income and payment on the earned out contracts become more significant to us each quarter. We receive our checks on a timely basis and quite honestly, have been pleasantly surprised with what has come through to date. We get our computer printout each month, and when you look at the reserve balance, and how it grows, it's really amazing how fast your earnings accumulate with First American."



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## Real Estate May Be Your Best Tax Shelter

**T**he economy has turned up; interest rates are down. And we have the environment needed for a new round of fortunes to be made in real estate. There are two ways you can approach real estate investing—put your own deal together from beginning to end or invest in someone else's deal. The basic principles, both economic and tax, are the same in either approach.

But let me paint the largest possible banner across the sky: The economics of a real estate deal are the only thing that counts.

The tax benefits are secondary. Why? The tax benefits available in a real estate deal are given to you on a silver platter by virtue of the tax law. They are yours whether your particular real estate investment makes solid economic sense or is really a lousy deal dressed up in pretty clothes.

One of the most common questions asked by clients is, "What are the tax advantages and disadvantages of investing in real estate?" To briefly answer that, let's first list the tax pleasures of investing in a real estate deal.

- **Depreciation:** The 15-year depreciation period allowable under the tax law is usually substantially less than the property's true economic life. Best of all, the annual depreciation deduction requires a zero-cash outlay.
- **At-risk rules:** The at-risk rules, which prevent you from deducting more than the amount you can lose (have at-risk), do not apply to real estate investments. No other investment has been so blessed by Congress.
- **Profits at capital gains:** While depreciation is a 100-percent current deduction that lowers ordinary income, profits can be taxed at capital-gain rates (60 percent tax-free).
- **Leverage:** Borrowed funds, usually a mortgage, used to multiply your current deduction are not taxable income.
- **Tax-free exchange:** Your investment can be upgraded via a like-kind property exchange that defers any gain.
- **Installment sales:** You can use the installment method when you sell the property to spread the gain over two or more years. This allows you to lower the capital-gains rate and eliminate or reduce the alternative minimum tax.
- **Basis step-up:** All the profits that would have been taxed (under the income tax law) if the property had been sold during your lifetime, can be eliminated if the property is held until death.
- **Appreciation:** The increased dollar-value of real estate (whether due to inflation or otherwise tax-free) can only be taxed if the property is sold (or disposed of in some other taxable disposition). Therefore, you can borrow money and pledge the property as collateral without incurring any tax.

However, all of the tax consequences of a real estate investment do not come up smelling like roses. A bad deal can smell even worse because of the following tax detriments.

- **Excess investment interest:** Too much borrowing is a

no-no and could trigger a special preference tax.

- **Alternative minimum tax:** A portion of your profits can be subject to an additional 20-percent flat tax.
- **Penalties:** A violation of a series of complex tax-shelter rules can trigger non-deductible penalties.

No, this report does not cover all of the nuances, exceptions and tax traps that apply to a real estate deal. First, find a real estate investment that looks right economically; then, review it with your professional adviser.

### IRS Hits Loans From Corporations

I never met an owner of a successful closely-held corporation who wasn't looking for ways to take money out of his corporation. It's an on-going game with ill-defined rules. Yet, if played correctly, the corporate owner should win every time. If the IRS wins, you get taxed twice—first, when the corporation makes a profit and again when the IRS socks you with a dividend for taking the money out. And that's exactly what happened in a recent case (Richard E. Busch Jr., 45 TCM . . . 1983). Here's the sad story.

Busch owned 100 percent of and worked for the corporation. The IRS audited the corporation and Busch for a 3-year period. During this time, an account was maintained on the corporation's books titled, "Notes Receivable—R. E. Busch." The account increased in each of the three years by varying amounts with a total increase of about \$40,000. The IRS nailed Busch with additional income in all three years in an amount exactly equal to the increase in the note account. Busch fought back, claiming the advances were bona fide loans and pointing out that from time to time he made repayments.

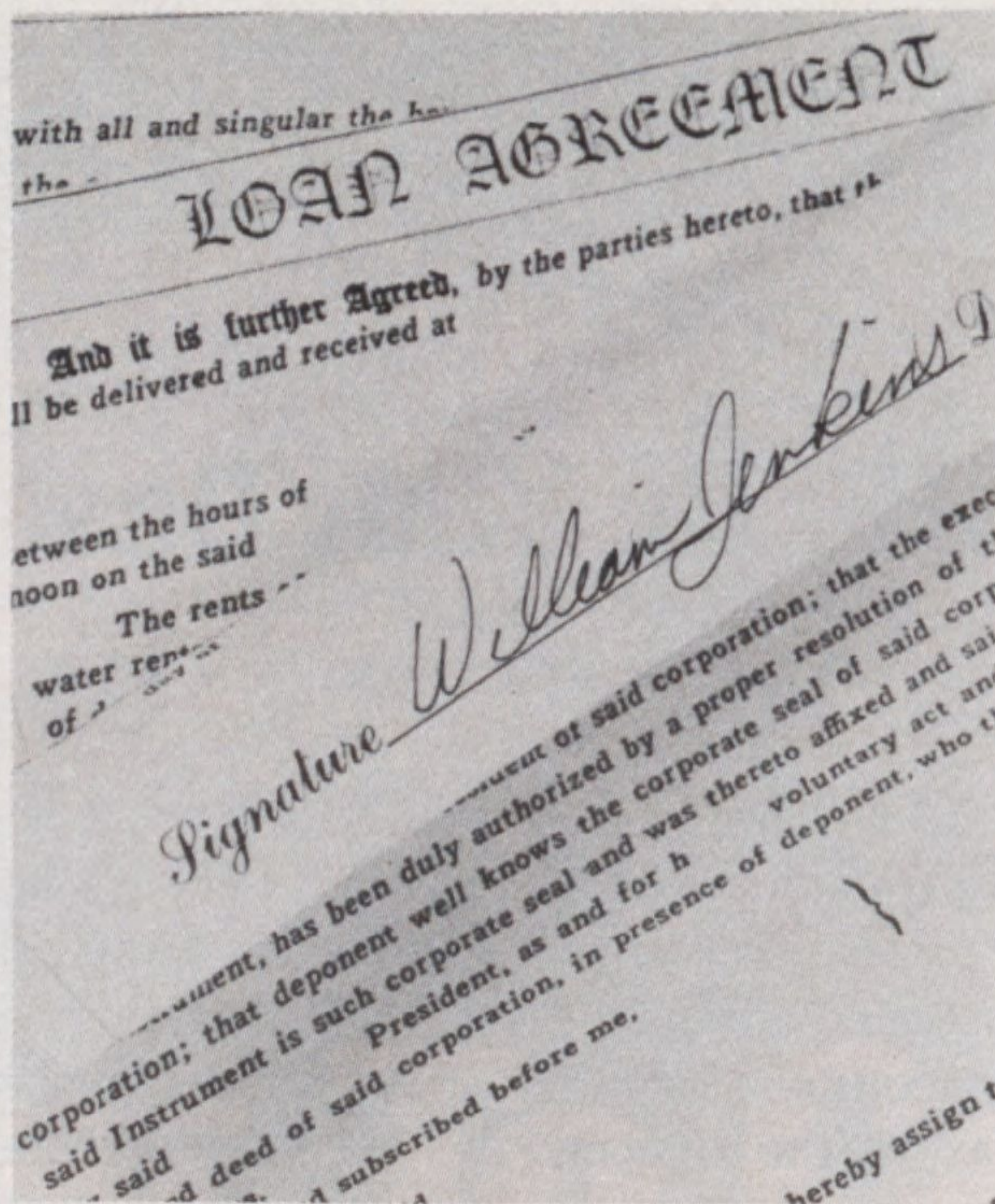
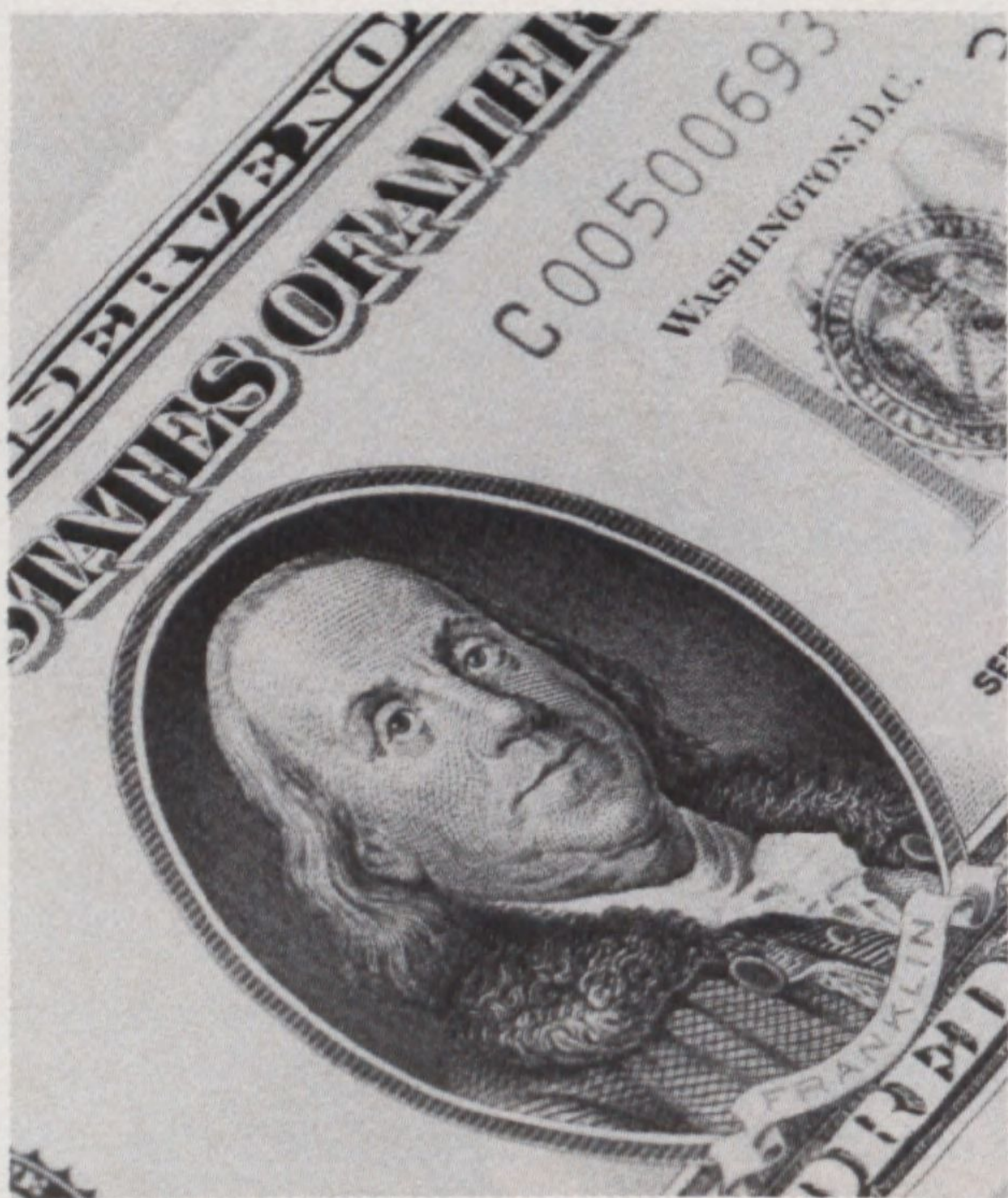
The IRS won hands down. The court noted that (a) the minutes authorizing the loans were backdated; (b) repayments were irregular, and (c) the notes were payable on demand without interest. Then, the court lowered the boom, saying loud and clear . . . it is well settled that withdrawals made from a corporation by its controlling stockholder, without security, and without interest . . . and without any intention to repay constitute . . . taxable dividends."

If you must borrow from your corporation, play it safe: (1) issue notes for the amount of the loans; (2) authorize the loan in the corporate minutes; and (3) repay the note according to a preset payment schedule. Non-interest bearing notes should be secured.

Saddest of all, most owners of closely-held business continue to make tax mistakes. Actually, with proper planning, you can use your corporation to shelter family income and take money out of it without fear of an IRS challenge. □

This column is prepared as an automotive exclusive for **Automotive Executive** by Irving Blackman, a certified public accountant and attorney. All comments or questions pertaining to this column should be mailed to: **Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.**





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# RICK WARNER

by Gary James

## THE TOP-NOTCH TRUCK DEALER

**W**hen Rick Warner had his right hip fused at the age of nine because of an injury, doctors told him he probably couldn't participate in sports anymore. For a budding young athlete who wanted to become a professional football player, this was devastating. Rick's father—a former captain of the University of Utah baseball, basketball and football teams—didn't let him give up, however.

"My father made me realize that if you keep a positive attitude and try hard, things work out." And work out they did. Three years later, his father bought him a 75-cent tennis racquet. At age 14, Rick got a job taking care of the tennis courts at the Salt Lake Tennis Club. Later, as a collegiate player at the University of Utah, Warner and freshman partner Bob Lewis advanced to the semifinals of the NCAA's men's doubles competition in 1945. One year after graduation, Warner achieved another personal triumph at the Intermountain Championships in Denver. He took the court at high noon and by 7:45 p.m., he had won the men's singles, doubles and mixed doubles crowns (with his sister, Emma Lou Thayne).

Today, at age 59, Rick Warner remains a hard-hitting competitor. "But," he says, "the friendships I've made in tennis are what make it such a great game. Some people compete and never

give up. Those are the people you want on your team—in sports or business."

Rick Warner, president of Rick Warner Ford and Rick Warner Truckland (Ford and Iveco) in Salt Lake City, UT, has one of the best business teams around. He says his employees are the reason behind his being named the ATD-Business Week Truck Dealer of the Year at the recent American Truck Dealers Convention. "They earned the award," he says. "I just gave them the opportunity."

For years, Warner has run two of the top Ford dealerships in the nation. A Ben Franklin Quality Dealer award-winner in 1968, Warner has also been honored with Ford's distinguished achievement award annually since 1970. Warner's other business interests stretch out to real estate, oil and gas exploration and ALPS (a fast-growing company that has developed unique software used in computer-aided language translation).

Warner's contributions also extend beyond business. A member of The Church of Jesus Christ of Latter-Day Saints (Mormon), Warner often devotes 30 hours a week (evenings and weekends) to the church. He served as bishop and president of the University of Utah student "stake" and second counselor in the Sunday School General Presidency of the church. Each year, ac-

cording to the church rules, Warner also contributes a 10-percent "tithing" to the church.

In some ways, Rick Warner's only competition seems to be himself. From 1978-82, he was Ford's No. 1 dealer in parts and service. Last year, Rick Warner Truckland and Rick Warner Ford sold more than \$17 million worth of parts. (That's 50-percent more than Ford's next largest dealer!) In 1978, Truckland was the leading seller of Ford trucks in the nation. And Rick Warner Ford is often among Ford's Top 10 in retail sales of new cars.

His companies cover 32 acres in downtown Salt Lake City. He operates out of 17 transportation-related buildings in three areas—Rick Warner Truckland on 13th South; Rick Warner Ford on 6th South; and a 5-acre area housing a parts warehouse and body shop. His 6th South facility is only blocks from Temple Square, headquarters of the Mormon church.

Rick Warner Ford houses new and used cars, RV sales and service, an Ajax car and truck rental outlet, Warner Leasing and a National Autofinders used-car and truck franchise. Other Warner enterprises include an auto sound store and a quick-service center.

Truckland, about 10 blocks away, is home base to all of Rick Warner's truck operations. Sharing space are separate



*Rick Warner, ATD and Business Week magazine's Truck Dealer of the Year, fields a call in his office.*



*Truckland moved 269 medium and 283 heavy duty trucks last year.*





Larry Butcher, Truckland's manager for used heavy-duty trucks, has worked with Rick Warner for more than 20 years.



Darrel Scow, director of service operations, talks over business with Rick and Service Advisor Norm Stark.

light and heavy truck sales and service centers, as well as the largest parts depot west of the Rockies. Related businesses on the site include a tire outlet and Warner Power Products, a distributor of industrial engines and compressors—also a truck engine rebuild shop.

In short, Rick Warner has something to meet every transportation need. Employees quip that if you can manage to pull your broken-down car or truck onto their lot, they can take care of you: whether you need an engine rebuilt, a paint job, new tires or accessories or a brand new vehicle. If you can't drive it in, Warner has access to seven tow trucks recently sold to his former wrecker manager, standing by to handle the job.

Since 1965, when he bought the dealership, Warner's seen sales grow from \$11 million to more than \$80 million per year. There have been some tough moments during that time, too, including last November, when white-collar salaries were cut 10 percent. But today, the company is now working on its 22nd straight month of profit (and the 10-percent cut has been restored).

### A Way With People

Rick Warner joined the business in 1945, when it was known as Bennett Motor Co. A Ford district manager recruited Warner upon graduation from the University of Utah, where he received a degree in business management. "I started as a mechanic's helper at Bennett; I didn't know a distributor from an alternator. My first day on the

job, the mechanics hooked up a spark plug tester to their tool box. When I grabbed a wrench, I got a shock I'll never forget (115 volts). That's when I started losing my hair." The mechanic he worked for is still with the company.

To gain automotive background, Warner attended Ford Merchandising School in 1947. In was Ford's first class, and Henry Ford II was one of the visiting instructors. Warner quickly worked his way up the ladder at Bennett Motor Co., and in '48, became general sales manager. For nearly 10 years, he worked alongside his father, Homer "Pug" Warner, who was general manager at the dealership.

"I treated our salesmen like top-notch quarterbacks," Warner recalls. "I never minded if they made more money than me, because as long as they were doing well, so was the dealership."

Early on, Warner started a "management tool" that he says is still a keystone of the dealership's success. He calls it the "Blueprint for Improvement." "Once a month, I rented a hotel room across the street and brought our salesmen in for a 1-on-1 talk," he says. "We'd review performance, and talk about goals for the coming months. I'd ask them to set their own targets and figure out how to achieve them. That meant more than me telling them what to do."

Though Warner always has offered employees tremendous freedom, he also expects them to deliver. A portion of net profits are pooled and department managers are paid partly on the "net results" of their profit centers. Some are paid on the overall dealership

net results.

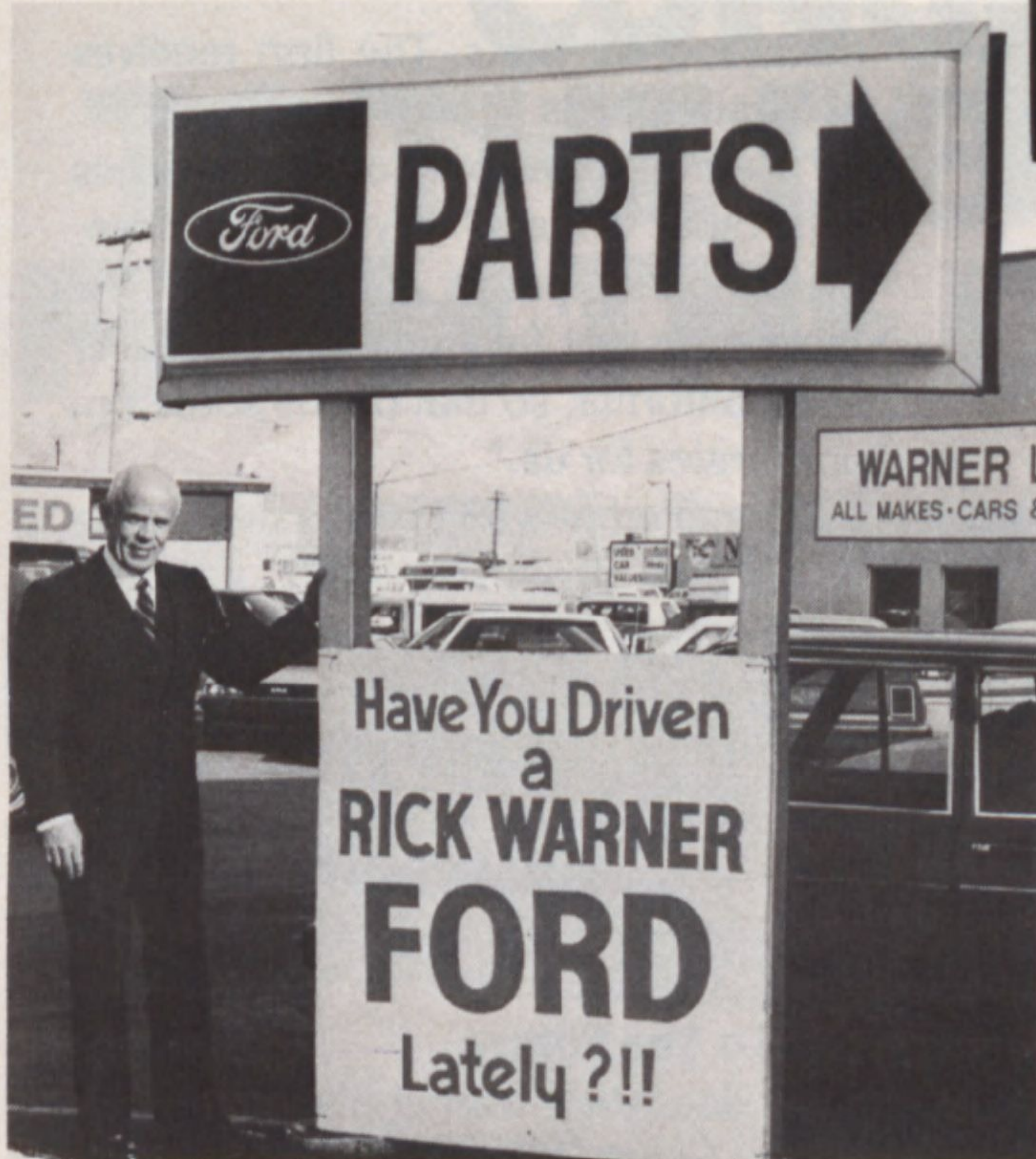
With a combination of profit-sharing and incentive plans, Rick Warner attracts top managers and staff and keeps them. Many of his 350 employees have been with the company as long as 30 years. The average is 13. "To get commitment from people, you need to create involvement," Warner says.

In Truckland's light truck department, a "fast start" program encourages salesmen to begin each month with renewed vigor. "Last month's sales hero can become this month's zero unless you keep him pumped up," says Ron Negel, Truckland's used light-truck manager. "Our program gives salesmen a cash bonus for each truck they sell. Scoring is weighted, so the earlier you sell, the more you make, with bonuses increasing according to the number of total sales of the team. A good salesman can make a couple of hundred extra bucks a month."

Warner also introduced an incentive plan in the backshop in March. Mechanics are now paid base pay for the first 50 flat-rate hours they produce, and \$2 per hour extra for every flat-rate hour over 50 for a 2-week pay period. Warner finds mechanics are coming in early and staying late to take advantage of the plan. "We've increased productivity," he says. "And the technicians earn about \$200 to \$400 more per month. Sharing our gross this way creates a team spirit we wouldn't get if we simply gave them a raise."

Warner's referral plan also deserves mention. First off, any employee who refers a prospect who buys a new or used





Last year, Rick Warner Truckland and Rick Warner Ford sold more than \$17 million worth of parts.



Warner's son, Bart, serves as vice-president and general manager of Truckland.

vehicle receives a \$20 spiff in cash. The employee also puts a name card in the box for a monthly and year-end drawing. The monthly winner has a choice of a free demonstrator for one month or a TV set. The grand prize winner at model-year end receives a week's vacation for two in Hawaii. Last year's winner, a service writer, coincidentally also had the most referrals: he brought 13 buyers into the store.

### Synergism

With the vast number of companies under the Warner umbrella, you'd think it would be hard to keep everyone working together. But Rick Warner runs a single business. He speaks of it as "synergism."

"Everybody works in a specific department with specific duties, but no one is confined to that area. Our heavy truck salesmen also sell light trucks, and the light truck salesmen at 13th South are free to sell a car at the 6th South location if they have a prospect. The used-truck manager's job is to help make a new-truck sale first if he can.

"Each department exists to help another. If Tire World attracts and satisfies a tire customer, that customer is likely to come back some day and buy a new car or truck. The same thing happens when the service department fixes a problem, or the parts department locates a rare part. Customers get a good feeling about the dealership as a whole, and they come back—again and again." Last year, 76 percent of sales came from repeat customers.

Truckland is the truck center for the

intermountain area. Warner advertises—and sells—to customers in Nevada, Arizona, Wyoming and Idaho. "Customers drive for hours to shop here," says Warner's son, Bart, vice-president and general manager of Rick Warner Truckland. "They know we have the best selection and service in the West."

Light trucks are big business in Utah. In fact, Utah registers more light trucks than cars. To service these customers, Truckland boasts the only exclusive light-truck service center in the West. It fixes 70 light trucks on a good day; 55 to 60 on an average.

Truckland also has separate light-truck sales centers—one for new and one for used. The new light-truck center contains 22 sales offices, raised about six feet off the ground so salesmen can see the entire lot from their windows. Truckland inventories about 250 new and 150 used light trucks at any time, and sells about 3,500 per year. Sales managers keep detailed charts on their office walls that tell at a glance what units are on order and what units are in stock. If a truck sits on the lot more than 60 days, Warner writes down the inventory cost until that "overage" truck sells. This gives salesmen an opportunity to earn a good commission when they sell it. "We take \$50 off new-truck grosses to pay for it," he says. "The amount of extra commission a salesman earns depends upon how much he gets for the truck."

Truckland's medium and heavy truck center is located right next door. The dealership carries Ford's full line, and it has the distinction of being the only

heavy-duty Ford dealer in the state of Utah. In January of 1982, Truckland added the Iveco line to its inventory.

Larry Butcher, Truckland's heavy-duty, used-truck manager, has seen a lot of changes during his 20-odd years with the dealership. "When we moved out to this location in 1961, we only had about five trucks," he says. "We worked out of a sales office made of 2x4s, and nobody knew we were out here. But Rick saw an opportunity, and he built this dealership into what it is today."

Rick Warner also had a touch of luck: several years after he moved truck operations out to 13th South, the state decided to put an interstate highway and an access ramp within blocks of the site. That helped transform the proverbial "other side of the tracks" into a thriving business district.

In 1982, Truckland sold 269 medium and 283 heavy duty trucks. Of those, 326 were new. John Kelaidis, one of Truckland's top salesmen, says truck demand is finally coming back. "Equipment has been patched with spit and chewing gum for so long, it's just about run its last mile," he says. "Companies that can afford to invest in new trucks are doing better than their competitors, because truck technology has changed so much. We just sold an independent trucker a new unit, for example, and doubled his fuel economy."

Like Truckland's 14 other big-rig salesmen, Kelaidis relies heavily on a cost comparison sheet to close sales. The worksheet, which Warner and his salespeople developed, provides customers with a detailed breakdown of



Maril Abercrombie, Truckland's fleet sales manager for new light trucks, examines the department's inventory board.



fuel costs, maintenance costs, tax savings and other considerations that go into making a sound buying decision.

"Many truckers don't have the foggiest idea of what it really costs to run a truck or to replace it. With our sheet, we can show them how to actually save money by buying new. In many cases, fuel costs run more than the monthly payment on a replacement," Warner's son Bart says.

As in most truck dealerships, Truckland's salesmen spend most of their time out in the field drumming up business. What's unusual is the distance they travel. "Our salespeople think nothing about going up to Wyoming or Idaho for a day or two to visit customers," Warner says. "We've got some big clients up there." All of Truckland's and Rick Warner Ford's salesmen are trained in F&I and can take a deal from start to finish if necessary. In addition, Truckland salesmen carry sophisticated pocket calculators with them wherever they go, so they can figure finance charges and selling prices on the

spot.

### Service Is Key

Truckland's salesmen aren't the only employees out knocking on doors. Since March, it has also had a fulltime service salesman in the field. Norm Stark, a former service adviser who has been with Warner for 10 years, spends every day calling on fleets and other large accounts to service their needs. "We're getting some customers we've wanted for years," Warner says. "Norm makes their jobs easier by taking care of them quickly and efficiently."

"Service means everything to a trucker, because he can't afford to have his vehicle off the road for long. The skill of our mechanics, and the size of our shops, enable us to get his truck in and out the same day, even if we're overhauling an engine. No other dealer in the area can say that."

No other local dealer has Warner's parts inventory, either. His 64,000 square-foot parts department contains \$2.2 million worth of Ford and Iveco

truck and car parts. The firm receives two trailer loads of parts every week.

"We do the majority of our business with other dealers," says Floyd Olsen, Truckland's parts manager. "The closest district facilities are in Denver and California, so that opens some opportunities for us."

Warner employs 34 parts salespeople at his two dealerships—15 of whom work all day on the phone calling prospective and current clients. Again, the dealerships do a good portion of business in neighboring states. "We'll ship anywhere," Olsen says. "That's how we got to be No. 1."

### Eye To The Future

What does Rick Warner plan to do now that he has captured the industry's most valuable prize, Truck Dealer of the Year? "Keep on growing," he says. "The best part of running this business is that it gives me the chance to help other people develop their skills. There is nothing more rewarding than seeing someone I work with solve a problem or turn a loss into a gain."

These days, Warner is getting a special kick out of seeing his two sons, Bart and Dick Jr., develop in the business. Dick Jr., vice-president and general manager of Rick Warner Ford, is busy making plans for an adjacent corner lot the firm just acquired. "Dick and Bart started working here in high school," Warner says. "They had the janitorial contract to 'clean up' in the evenings."

With nine children, Rick Warner has other potential partners waiting in the wings. But he's in no hurry to retire. "There's always something we could be doing better." □

## Choosing The Truck Dealer of the Year

**H**ow did Rick Warner get to be selected Truck Dealer of the Year? "My son, Dick, and my secretary, Rowena Kenyon, nominated me behind my back," he says. "It was a complete surprise."

Warner was chosen from a field of 23 national finalists. Judges from the Columbia University Graduate School of Business selected Warner for his outstanding truck merchandising record, civic service and his contributions to the growth of his community.

The award, jointly sponsored by *Business Week* and NADA's American Truck Dealers Division, is presented

each year at the ATD Convention. Any dealer who is a member of ATD, with the exception of directors and line reps, is eligible. The dealer must also be actively involved in the management of his business (75 percent or more).

There are no restrictions as to how long the dealer has held the franchise or its location and size. Any dealer, including regional winners, may be renominated once every three years, providing the dealer has never been named Truck Dealer of the Year. The deadline for submitting nominations is early December. For further information, contact ATD, 8400 Westpark Dr., McLean, VA 22102-3591. □



# CONGRATULATIONS TO THE DEALER OF THE YEAR FROM THE DIESEL OF THE YEAR.



Rick Warner and his son, Bart C. Warner.

## 1983 TRUCK DEALER OF THE YEAR RICK WARNER TRUCKLAND

SALT LAKE CITY, UTAH.

When *Business Week* magazine and the American Truck Dealers Division of the NADA set about selecting their 1983 Truck Dealer of the Year, they looked for a person with special qualifications.

An outstanding record of truck merchandising. A strong commitment to community service. A career marked by innovation and the highest standards of professionalism.

They found their man in Richard L. (Rick) Warner, a Ford and IVECO dealer in Salt Lake City, Utah.

President of Rick Warner Ford and Rick Warner Truckland, this year's winner has spent the last three decades building his dealership into one of the country's largest. With gross sales for 1983 projected at \$90 million, Rick Warner's operation epitomizes the tremendous opportunity available in today's car and truck business.

"I think one reason for our success is our ability to meet almost every truck customer's needs," he says. "IVECO's

Z-Range diesels have filled a significant size and GVW gap in the truck market, and we're very excited about the contribution they're making to our bottom line."

Assisted in the management of the dealership by two of his nine children, Bart and Richard, Jr., Rick Warner currently employs 340 people, working in more than 20 distinct operation and profit centers.

And while engineering the growth of his organization, Rick has also compiled a long and distinguished record of community service, with active participation in dozens of business, cultural, civic and religious activities.

We at IVECO are proud to have dealers like Rick Warner selling our diesel trucks, and we heartily congratulate him on his well-deserved award.

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(For more information circle #17)



## Update on Bankruptcy Bills and Other Legislation

**S**ince 1978, changes in bankruptcy laws have made it increasingly easy not only to file for bankruptcy, but to discharge all debts under Chapter 7.

Several problems have contributed to the growing number of bankruptcy cases, including inflation, attorneys' advertising, high interest rates and unemployment. At the root of the problem, however, is the need to reform the bankruptcy laws.

In an effort to support that reform, NADA is working with a coalition of concerned industries to see effective changes made. Several bills have been introduced in the 98th Congress dealing with this issue.

Rep. Mike Synar (D-OK) has introduced H.R. 1800, which has been referred to the subcommittee on monopolies and commercial laws of the House Judiciary Committee. Also referred to that subcommittee is H.R. 1169, sponsored by Rep. Marilyn Lloyd (D-TN). Currently, no action is being taken on either of these two bills.

Both of these bills contain several provisions of concern to dealers. The first is valuation of collateral. Currently, the value of a car or truck, for instance, is presented to the judge by the debtor in a bankruptcy proceeding. If the dealer objects to this value, it is then the dealer's responsibility to prove another value to be more accurate. These bills propose a valuation method set by established retail markets, where they exist, using trade publications as indications of their value.

Another problem faced by dealers arises when a customer purchases a car or truck just prior to filing for bankruptcy. This is commonly termed "loading up." Provisions in these bills would make debts incurred at least 40 days prior to filing non-dischargeable, if the debts are not necessary for the support of the debtor and his dependents.

The third problem is devaluation of the property that occurs while the debtor is allowed to use the property during the bankruptcy proceedings. Proposed legislation would require the debtor to begin payments within 30 days after a repayment plan is filed.

On the Senate side, S.445, sponsored by Sen. Robert Dole (R-KS), passed that chamber by voice vote. As passed, S. 445 provides:

1) A valuation method set by established retail markets, where they exist, using trade publications as indications of

value.

2) A period of 40 days prior to filing as the time period for debt incurred to be termed non-dischargeable.

3) Payments begin 30 days following the filing of the debtor's plan.

### Domestic Content

On May 19, 1983, the subcommittee on commerce, transportation and tourism reported H.R. 1234 (the domestic content bill) to the full Energy and Commerce Committee by a voice vote. Should the bill be reported out of the full Committee, it will then be referred to the Ways and Means Committee for a period not to exceed 30 days.

Action on H.R. 1234 by the full Energy and Commerce Committee was expected shortly after the Memorial Day recess.

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*"Another problem faced by dealers arises when a customer purchases a car or truck just prior to filing for bankruptcy."*

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### RCRA: Hazardous Wastes

As part of the Resource Conservation and Recovery Act (RCRA) Reauthorization bill, H.R. 2867, the full House Energy and Commerce Committee passed by a voice vote an amendment relating to the management of used oil. Offered by Rep. Barbara Mikulski (D-MD), the amendment requires the administrator of EPA to make a final determination about whether or not to list used automotive and truck crankcase oil as a hazardous waste not later than 24 months after the enactment of the bill.

If used oil is classified as hazardous, small generators of used oil (such as dealers) would be exempt from certain regulations if they agreed to deliver the oil to an approved recycling facility.

In addition, H.R. 2867 includes provisions regulating businesses which generate less than 1,000 kilograms per month of hazardous waste. NADA will be working to improve these provisions on the House floor.

Following the Energy and Commerce Committee's action, H.R. 2867 was referred to the House Judiciary Committee for no longer than 30 days. □

This column is prepared for **Automotive Executive** by the Legislative Division of the National Automobile Dealers Association. All comments or questions pertaining to this column should be mailed to: **On The Hill, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3593.





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# What's an ATAM?

by Ben Pope

## A Look at the Changes in Auto Trade Associations

### Whatta ya need?

**A case of antifreeze for the last few months of a Buffalo winter? A tax shelter in balmy Bermuda? An introduction to the governor? An employee insurance plan? A new general manager? A labor negotiator?**

**T**hose are just a few of the services offered today by various state and local auto dealer associations—services earlier association managers would have considered someone else's business.

But today's manager has come a long way, baby, from the auto show managers who formed the National Association of Automobile Show and Association Managers shortly after World War I. They got together then to share information on trade shows and other merchandising programs, and this was still their primary purpose when, in 1934, they reduced the acronym to ATAM—Automotive Trade Association Managers.

It was about this time that government began intruding further into the lives of people and auto dealers, and trade shows took a backseat to the need for organized dealer voices in the government process.

The original reason for banding together—exchange of information—remains the chief mission of ATAM today, but the subjects are more likely to be legislative reports or the latest legal opinions than whether skywriting is a good way to draw people to a new-car

show. ATAM works closely with NADA, and Alan Marlette, a NADA staff member who has worked in this area since 1973, serves as executive director of ATAM.

A recent survey of ATAM members provided the group's future planning committee with a list of suggestions for improving services which will be discussed at the ATAM summer meeting this month at the Lodge of the Four Seasons in Lake of the Ozarks, MO. Not surprisingly, the thrust of these recommendations is that even more information flow between members and from Washington.

Just as the primary mission of local associations has changed since those early days, so have the people running them.

If there is a "typical" dealer association manager today, he or she has probably been in the business for more than a dozen years and came to the job from almost anything but the auto business, most likely from another association or from communications or government. These managers are at home talking to legislators, insurance underwriters, other association professionals, bankers and businessmen. They are, in a word, pros.

To find out what sort of things are going on with state and local associations, *Automotive Executive* called on the 1983 officers of ATAM and the Virginia state manager who has some definite ideas about the future.

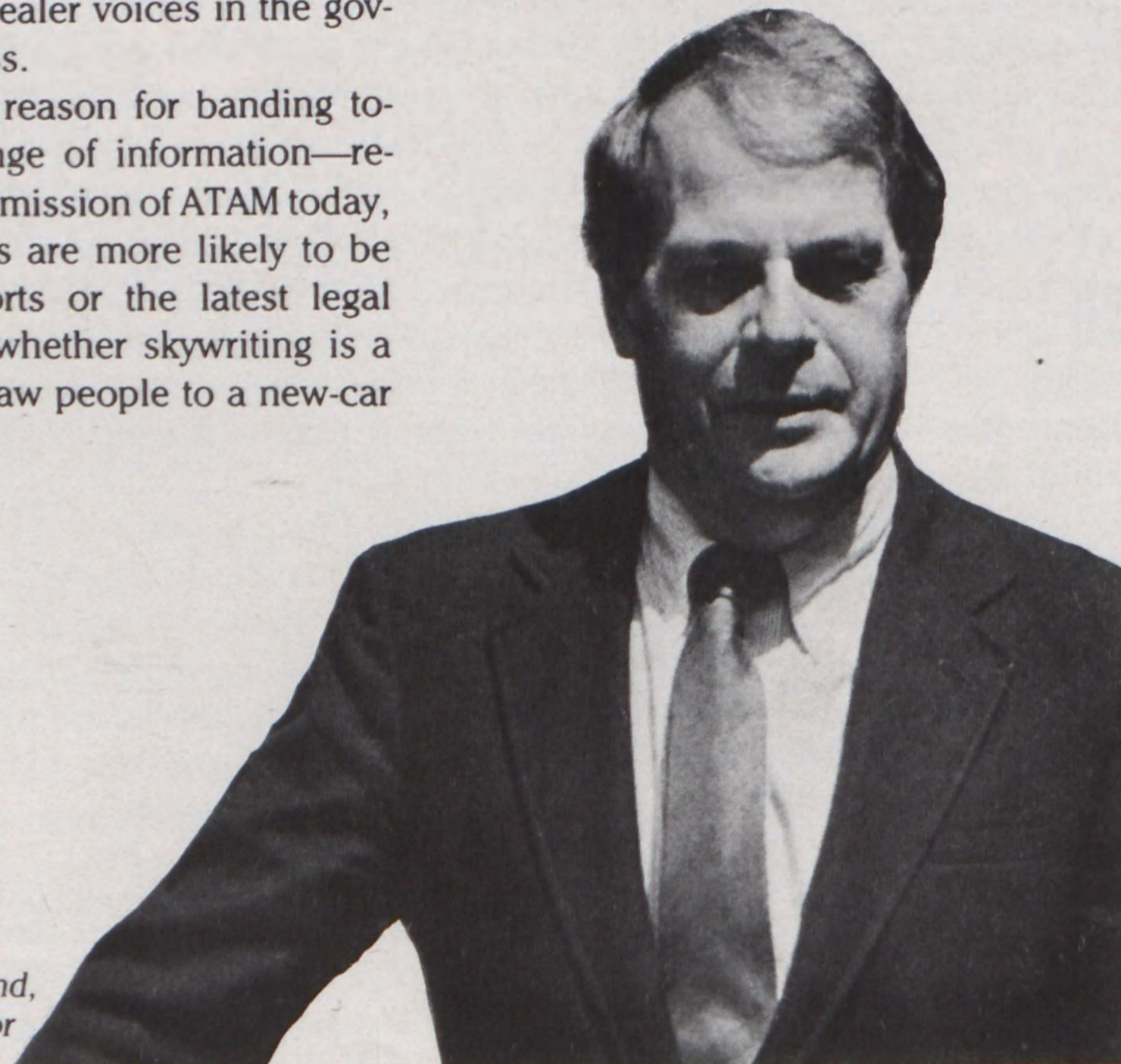
Keith W. Howard, ATAM president, has been with the Automobile Dealers Association of North Dakota for 32 years, first as an assistant manager and, for the last 20 years, as manager. Every other year he packs a couple of bags and moves from Fargo to the state capital at Bismarck for about 3½ months. Activity in the capital affects every dealer in this large, sparsely populated state, whose geography has made Howard feel that communications is his most important job.

"To be successful in this profession, an association manager must first of all be a communicator," Howard says, "then a fireman, a counselor, an adviser, an organizer, an analyst and a few other things, too."

With a staff of only eight (which also serves the state Implement Dealers Association) Howard mans a full-time communications position which turns out frequent bulletins, newsletters and special mailings. These services, Howard terms "benefits of organization"—benefits which help all members equally regardless of size or amount of dues. Among them he also includes legislative review, personal contact, conventions and government liaison.

Howard calls an association's other activities "benefits of participation." These are the services members may choose to take or leave such as insurance, forms, extended warranty programs and titling services.

Howard feels that the success of a state or local dealer association depends on a balance of these two types of benefits. The "organizational benefits" make the association valuable to a greater number of members (more than 90 percent of North Dakota dealers are members). "Participation benefits" are additional values for many members and, rather importantly, bring in revenue for the association operating



J. Ronald Nowland,  
executive director  
of VADA.



budget.

If you're looking for participation benefits by the truckload, talk to one of the active metro or regional associations.

Richard K. Welte, ATAM secretary-treasurer, directs a program from Buffalo for the Niagara Frontier Automobile Dealers Association (NFADA) that is something of a conglomerate. He operates several corporations providing different services. Wearing his NFADA hat, Welte lobbies state officials on their home ground (the New York state group does the job in Albany, the capital), conducts seminars, provides legal assistance, runs insurance programs, offers a registration service and even serves as an employment adviser. The association places ads and screens candidates for positions ranging from general manager to wash boy.

NFADA is still in the auto show business, as are most metro associations, but it also provides other marketing services.

The association acts as a wholesale distributor, a sort of cooperative, for its members. It supplies direct from the manufacturer everything a dealer needs other than sheet metal, tires and auto paint (if you need to paint the store too, they can handle that).

The NFADA Institute has remodeled a former dealership and runs a school to train mechanics and other service personnel. The classes for 48 students run 16 weeks and are subsidized by the government. Soon a class will begin for salesmen, underwritten by the Private Industry Council.

And the Automobile Dealers Educational Assistance Foundation, another corporation, conducts classes in labor management. About 40 percent of the area's shops are union, and Welte becomes involved in labor negotiations with the assistance of a legal firm.

Even with a staff of 22, how does it all get done?

"The whole ball game in association work is whether you can get the dealers involved. A lot of our 121 dealers serve on various boards of directors and committees and they really work. That's the secret here," Welte says.

State associations, covering greater geographic areas, find it difficult to provide the services of a local or metro group. The trend seems to be to concentrate on various types of insurance plans which either dealers must have for their own businesses or which their



Keith Howard, ATAM president and executive vice president of ADAND.

customers may want to purchase. Through associations, dealers can not only save money but can make some as well. State laws often determine which services an association can offer.

Just last year, Georgia passed a law allowing associations to offer self-insured workmen's compensation insurance, although other states have permitted this for years. The Georgia Automobile Dealers Association (GADA) moved fast and was the first association in the state to go into the business.

GADA's William F. Morie, ATAM's vice-president, says the program's first year was a tremendous success. "We were able to offer a 15-percent discount on premiums, and after paying all the claims, we will be able to return a dividend to the members who are participating," he says.

GADA also has established a credit life insurance company which dealers own through the purchase of shares. The investment income, which had been going to an outside insurance company, now returns to auto dealers.

J. Ronald Nowland, executive director of the Virginia Automobile Dealers Association, has made insurance big business at VADA, and he has plans for it becoming even bigger.

"When I first came to the association 16 years ago, I became quickly aware of the incredible sums of money dealers spent on insurance premiums. There was obviously money to be made in insurance. My dream was to have a dealer-owner insurance company selling all types of insurance."

Nowland has made quite a start toward his dream. VADA runs an in-house medical and liability insurance plan for 16,000 individuals. Nowland personally administers a group workmen's com-

pensation program. An extended warranty program, which is underwritten by an outside company but administered by VADA, is bringing in investment capital which is reinsured in a Bermuda company to defer taxes. Nowland says dealer liability insurance is the next step, and then, who knows, maybe life, homeowners and the whole bag.

Here is one trade manager with duties the original auto show pioneers certainly did not envision. Nowland is responsible for millions of dollars of insurance premiums. With the help of investment advisers, VADA is putting dealer money to work outside the auto business.

Yes, the jobs of auto trade managers are changing. In addition to those jobs mentioned earlier, they supervise AUTOCAP and other NADA programs, run political action committees and management programs, and all the while continue communicating and providing a strong voice in government affairs.

Nowland provides a good example of how important it is to have a voice in government. "Virginia has a merchant's license tax based on gross income. Before last year a dealer might gross \$5 million while operating in the red and have to pay \$40,000 to \$50,000 in tax. We got the law changed so that since last July the car buyer pays most of this tax as part of the closing price. We've cut this tax about 80 percent for the dealer," Nowland says.

There are, of course, similar success stories in many states. And, this month, out at the Lake of the Ozarks, each of the ATAM's will benefit from the experiences of others in the group. It's an ongoing show. And a successful one.

Back at one of the early meetings of the auto show managers in 1920, E. E. Peake of Kansas City said in an eloquent speech to his colleagues: "To try to stop the on-march of this business is just as foolish as to try to stop a stream of running water by throwing pebbles into it . . . it is up to us to remove these pebbles that have been thrown in the way of this great business."

Peake had no idea of all the jobs dealer trade managers would be doing in the '80s nor how big "pebbles" can become.

*Editor's Note: Ben Pope operates a public relations firm in Richmond, VA, serving clients in a number of fields. Most of his corporate PR career has been spent with companies having strong ties to the automotive industry.* □



## Selling in Summer

**W**hat's so hot about summer—besides the weather? Well, for one thing, few gripe about summer like they do about winter. It's a season that's welcomed with open arms, except maybe in Death Valley.

It's a time for vacationing, camping, sightseeing, relaxation and outdoor sports.

Best of all, it's a time for driving. Not kids-to-school carpool driving, but real driving—driving for pleasure.

And that makes summer an especially great selling season.

The "dog days of summer" are generally known as lazy days. Siesta time. Hammock time. Don't believe a word of it. Summer days will work hard for you if only you can put them to work. Summer is a sales-building season.

Here's something I learned through years of selling cars. You can meet summer head-on and be ready for good sales through July and August and even at the official windup of summer around Labor Day. But you have to plan for those summer selling days, be prepared for them and know how to put them to work.

First, you have to understand the psychological effect that summer has on Americans. I call it the "song of the open road." Americans are get-up-and-go people. And they especially like to get-up-and-go in an automobile. That's been true since the days of the first automobile and since roads began to widen from two deep ruts to today's super highways.

Americans know that when summer calls it's a time for getting out in the open, to break out and enjoy the countryside, the beaches, the mountains and the forests—a time for just plain sightseeing. Each of these activities involve highways and byways—and that means cars.

That's where you come in.

You've got what people want more than ever in the summer. The market is different in summer because prospects are looking for special summer fulfillment. They have special summer needs, different from other seasons of the year.

A new car goes hand in hand with summer freedom—freedom to enjoy travel, outings, picnics, the great outdoors. Freedom from "winter-tired" vehicles. Freedom from "cabin fever."

And whether a family enjoys the good things of summer with a trailer, a camper or a tent—or civilized "camping" in motels—that family needs a car it can count on.

Summer selling means gearing your selling strategy to making deals for pleasure rather than just for transportation.

Now's the time to plan your summer selling strategy. Ask yourself, "Who are my hot prospects in the summer?" List every type you can think of. Don't be afraid to think wild; let the heat get to you. Here are some examples of typical summer prospects:

- The prospect who sees interest rates coming down as the thermometer is going up.

- The customer who wants to buy now, before the new 1984

models are announced.

- The customer who is waiting for the '84s, but who'll go for the big savings you can offer him if he buys an '83 now.

- The brand-new July or August husband looking for a second vehicle for his bride.

- The recent June college graduate setting out on his own—ready to take on the world with a new car or an update.

- Vacationers of every breed.

- Young people who need back-to-school transportation in the fall—they're good prospects for a used car.

- Prospects looking for a second car.

- And, of course, the sports-minded of both sexes. Summer time makes sporty models look even more attractive. And, they're not only for the young. More and more mature prospects are buying sporty-looking vehicles. And, as you know, convertibles are making a big comeback. Can anything beat the open road of summer while driving with the top down?

Another great thing about summer is that it's an ideal time to sell options and accessories along with the car. Summer can sweeten the deal. Top of the list, of course, is air-conditioning. Boost your sales by beating the heat.

Then, there are manually and electrically operated sun roofs; trailer hitches for luxury trailers, campers and boat trailers; luggage rails, racks and carriers for car roof tops; and rally packages to customize car for a sporty look, everything from racing stripes to spoilers.

One of the best summer selling tools of all is the demonstration ride. Summertime was made for demos. Choose a different route for summer than for winter. If possible, take your prospect past parks and open areas, golf courses, tennis courts and lakes. The pavement may be sizzling, so turn on the air and shut out the heat. The summer demo ride can be something that really stimulates your sale—no blizzards, no snow, no icy roads, no chilling winds.

Of course not all areas of the country have winter seasons. In Florida, the deep south and the southwest, you can put these summer selling suggestions to work all year long. However, most of the country knows the joys of summer for only a few months.

Make summer work for you. Put out some advertising of your own, some mailings, or special business cards you've had made up that tie you in with summer. I adapted a line from a popular song, changing it to read: "Summertime, and the drivin' is easy." It brought people in. I dressed for the summer season, and gave out balloons and kites to prospects who came in with kids. I conditioned myself to think *summer*.

Use summer to help you sell yourself—it pays off! □

This column is prepared exclusively for **Automotive Executive** by Joe Girard, named the World's Greatest Salesman 12 times by the Guinness Book of World Records. All questions or comments, pertaining to his column should be mailed to: **Selling Yourself, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3953.



# SERVICE CONTRACTS:

## *To be or not to be...independent?* by Ted Orme

**I**t's no secret that service contracts are an oasis of black ink in the current economic drought. Only a dealer with a "dark ages" mentality could ignore a sound business proposition yielding upfront profits of 40 to 70 percent.

Few do. More than \$1 billion worth of service contracts are written annually in this industry, and that figure could easily double by the mid-'80s. Auto manufacturers and independent warranty companies have responded to this beacon with a wide array of "wrap-around" and "roll-over" contracts that pick up where factory warranties end.

Like any dynamic market, this one continually changes. Dealers can now actually tailor service contracts to fit the needs of their store or their customers from either the multiple options offered by the factories and by independent warranty companies. Or they may set up their own in-house programs. The question is, how do you know which program is best? And, beyond that, what are the best ways to market the service contract?

We have often advised dealers shopping for new business programs, particularly aftersale programs, to begin by researching the experience of dealers in their own area. So we decided to take our own advice and look at our own backyard as a test bed for service contract experience. As you know, NADA is located on the ridge above Tysons Corner Auto Row—a tightly packed concentration of 14 auto and truck dealers representing perhaps the largest and most varied assortment of nameplates to be found in one place. We surveyed 10 of these stores and, though that sample can hardly be considered scientific, it provides a good indicator of current options and practices.

### **The Factory Faithful**

"We won't use an independent," says an adamant Charles Gotlieb, sales manager for Cherner Lincoln/Mercury, one of three Tysons Corner dealerships that use factory service contracts exclusively. "We looked at a few but were unconvinced they would be there when the customer needed them. Since we're primarily in business to sell cars, we don't feel it's worth losing a customer because they got stuck somewhere and found out they have nothing but a piece of paper." Gotlieb admits his store takes a decidedly conservative approach to all aftersale items.

Cherner Lincoln/Mercury is one of the pilot dealerships for Ford's new "tailored" extended warranty, which provides varying coverage up to five years or 60,000 miles for new cars. Ford also has extended its coverage to other makes, so Cherner uses factory service contracts for its adjacent Isuzu store. Gotlieb says the dealership is "very pleased" with this program, and so are its customers. He doesn't feel threatened by Ford's recently announced "lifetime" warranty because, as he points out, the owner still has to pay the first time on items not covered in the general warranty.

Carl Wright, service manager for Moore Cadillac, also sticks to factory financing and aftermarket sales items, including service contracts. "The major thing is to be able to tell your customer that he can pull into any Cadillac dealer in the country and have that warranty honored on the spot," says Wright. "With an independent, you can't depend on them paying you. Our own policy for out-of-town customers with independent service contracts is for them to pay us and get the money from the company for themselves. With the cost of

money today, it's stupid to wait on payment."

John Chimento, sales manager for JKJ Chevrolet, says his store, and all those in the formidable Koon's family chain of dealerships in the Washington, DC area, goes with factory service contracts because he can honestly tell customers they are buying "peace of mind." The best thing about factory contracts, says Chimento, is "they're neat. You sell the contract, get whatever you are going to make on the policy and it's over with. You may have a rebate in some cases, but you have no catastrophic losses coming to you two years from now."

JKJ tried an in-house program but found that short-term profits were eaten up by inflationary costs two years down the road. "You establish prices at a time when your shop may be charging \$25 to \$35 an hour, and when the claims start coming in, all of a sudden labor is \$40. How can you price anything? Whoever knew inflation would do what it did? That's your biggest problem: You have no control over inflation."

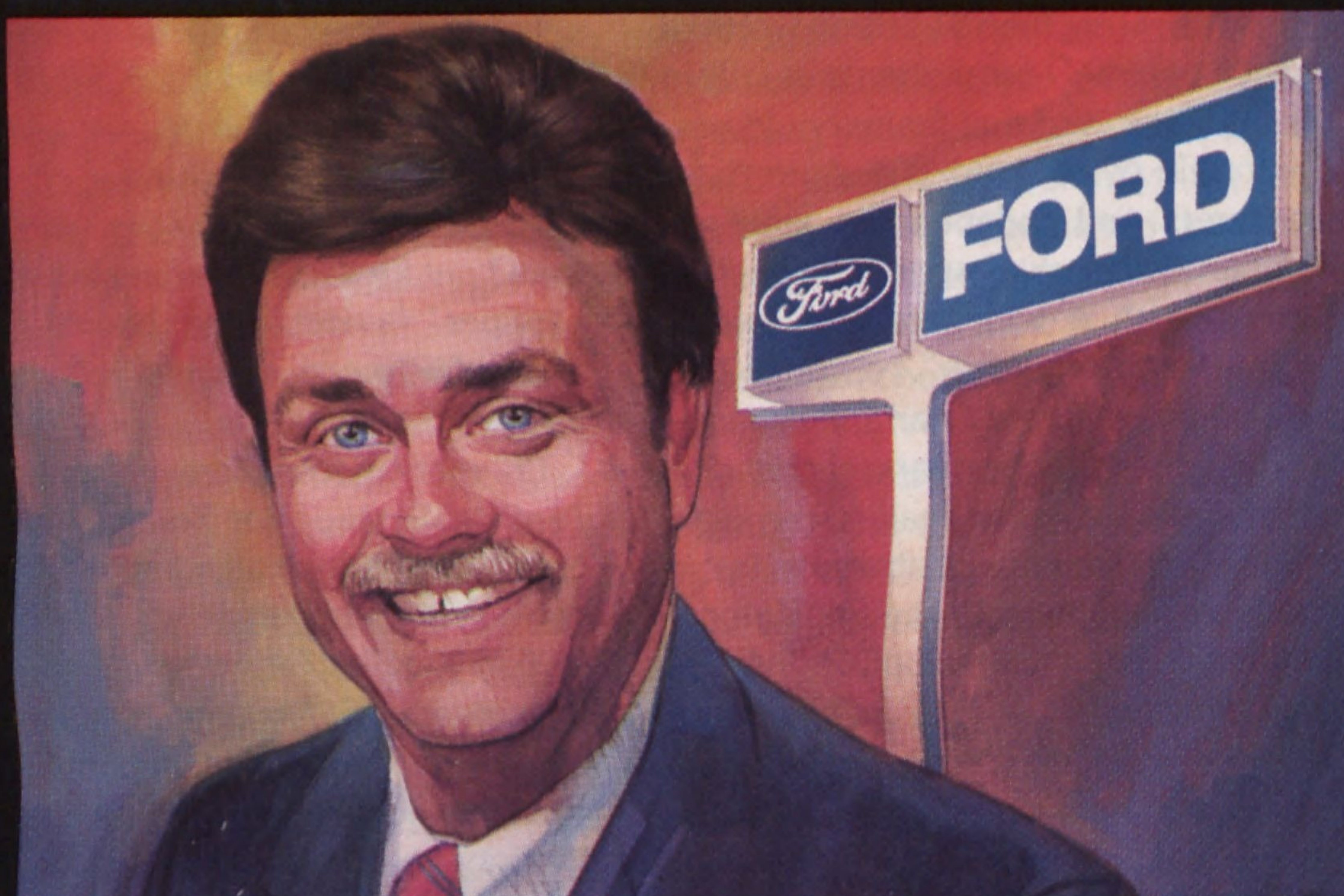
### **In-House, With a Twist**

Steve Harrison, vice-president of Stohlman VW, Mitsubishi and Subaru, agrees with John Chimento on both counts: Independents are risky and in-house programs can be deceiving. He has tried both and now puts himself in the category of "sadder but wiser." Stohlman was one of many dealers that got burned when NADG (National Automobile Dealers Group) went "belly up" two years ago. Reasoning that the dealership could do no worse by underwriting its own program, Stohlman went in-house. "By the time you pay tax on it, factor in administrative and handling costs, and treat it as ordinary income, you're better off going with an off-shore



# Real Deal

Mike Moore, President and General Manager,  
One Moore Ford, North Little Rock, Arkansas.



**"Because of our commitment to E.S.P., the Lifetime Service Guarantee is going to fit like a glove on a hand."**

Buying E.S.P. limits a Lifetime Service Guarantee customer to a one-time \$25 deductible on covered repairs. From that time forward for as long as he owns that new vehicle, he pays nothing for a repeat of that repair. The initial investment with E.S.P. could be a lot less than the first repair by itself. So the customer will realize that having both the Extended Service Plan and the Lifetime

Service Guarantee is a terrific deal. And that's very strong, marketing-wise."

**"I believe having good owner relations is the key element in selling today."**

If you market customer satisfaction, you are going to have the inside track in your area, no matter where you are located. It is only those dealerships that are very consumer-oriented and deal with the customer on a personal basis and give him perceived value, that are

going to be getting future business. And the Extended Service Plan and the Lifetime Service Guarantee both lead to customer satisfaction."

**"The whole philosophy of our dealership is built on the E.S.P. philosophy — taking good care of the customer."**

When we realized the fact that E.S.P. resulted in fewer complaints and a dramatic increase in customer satisfaction, we just adopted the philosophy of standing behind the product totally and taking care of that customer



# Strong marketing

**"Ford's Extended Service Plan tied in with the new Lifetime Service Guarantee makes a real strong marketing program for your dealership."**

long-term throughout the dealership. Whether he was purchasing parts or purchasing a vehicle, just stopped in to get directions or whatever, we wanted him to feel like he was just very important here, and we would do all we could to take care of him. We've carried the E.S.P. philosophy over into everything we do. The result: In surveys taken over the last year and a half, 77% of our owners said they would buy their new cars here."

**"The reason we're so committed to E.S.P. is it has so many benefits to the dealership.**

For one thing, it's very profitable in dollars generated. We can attribute a lot of our customer-pay service work to E.S.P. sales. Actually, I believe E.S.P. has carried us through the tough times. It's helped us keep our good employees. It has made our parts business and our rental car business stronger. It's cut down our insurance costs, because of less exposure with customers driving demos. And most important of all, it has enhanced our

owner loyalty. I believe the combination of the Lifetime Service Guarantee and the Extended Service Plan is going to make our whole marketing program even stronger."

The Lifetime Service Guarantee means participating Ford and Lincoln-Mercury Dealers guarantee their service work for as long as the customer owns his car. He pays for a covered repair the first time. And if it ever has to be fixed again, the repairing Dealer will fix it . . . free. This limited warranty is free. It covers vehicles in normal use. Not covered are routine maintenance parts, belts, hoses, sheet metal, and upholstery.



Ford Parts and Service Division





reinsurance program."

Surprisingly, that's what Stohlman and three other dealers in our mini-survey did. All opted for a program set up by a prominent national F&I management firm. The program embodies the same basic idea as reinsured credit operations. The dealer underwrites his in-house service contract program, but invests with a group of other dealers in setting up a casualty company to protect against unexpected costs. An off-shore reinsurance company is used to avoid the high cost of setting up a casualty company within U.S. jurisdictions.

In Virginia, for example, this might cost as much as \$750,000, according to a spokesman for the company that administers Stohlman's program. By using an off-shore company in a place like Bermuda, it costs only \$125,000. That means you only need 20 to 25 dealers to form an investment group for your casualty company, as opposed to 200.

The program affords the dealer total protection against large losses, while still allowing him to reap the high profits (an average of 60 percent reported to us) of an in-house program. As Steve Templeton, owner and general manager of Templeton Oldsmobile ex-

plains, "If there is a profit to be made in service contracts, why not us rather than the warranty company? You're on the hook anyway if the company you deal with goes out of business."

And unlike a pure in-house program, this arrangement assures the customer that he can get his car fixed even if the dealer goes out of business. Should that happen, or should the customer need repairs in another area, he can take advantage of a nationwide service network provided under this particular program that guarantees repairs on 24 hours notice. That may still be an aggravation to some customers, so Templeton offers immediate approval through his store. And Harrison adds, "When you are in-house, there cannot be any disputes. You make all decisions."

Harrison strongly recommends an in-house program. "if you have a good product line and have faith that the car will go 50,000 miles with little trouble. Just stick a pencil to it. Look at your past service experience and warranty costs for the product. That should tell you."

#### **The Independent Experience**

Three of the dealers surveyed rely heavily on service contracts offered by large,

well-established independent warranty companies. They also offer factory contracts to customers who insist on them, but they sell the independents for the most basic reason of all—money. As one F&I manager points out, "I can sell the independent for half the price of a factory contract, or I can sell it for the same price and make twice as much money."

All of these dealers shrugged off the fears of their more conservative neighbors over the possibility of an independent warranty company going out-of-business and leaving the dealer holding the bag. Comments one: "The independent we deal with has enough assets to buy the state of Virginia. If they go under, the whole country is in trouble." Most advise other dealers to follow their lead, to do, in fact, what *Automotive Executive* is doing in this article: Check the experience of the dealers in your immediate area; take a hard look at company reputation and service records; and check references thoroughly.

So it seems, like life itself, there are trade-offs here. The higher the risk, investment and aggravation, the higher the profit. As in any business decision, the choice is yours. □

## **SELLING SERVICE CONTRACTS**

**R**egardless of the type of service contract you offer—factory, independent or in-house—you must "sell" it to make money. The dealers on Tysons Auto Row have apparently learned that lesson well. Only one reported less than 100-percent solicitation, and he said that attempted sales of service contracts were made to at least 90 percent of his customers.

The results of this intense marketing effort are impressive. Penetration of customers sold runs from 20 to 62 percent, with an average for all 10 dealerships of better than 46 percent, well above the estimated national average of 12 to 15 percent.

In each case, the primary selling agent is the F&I or business manager, who, at several stores, doubles as a sales manager. In almost all cases, salesmen are used to "prep" the customer on service contracts and service writers are used to "remind" them of the policies, particularly when their warranty is about to run out. And while many dealers confess they are probably not making the most of their salesman and service writers in this area, only three are actively involving both with training and commissions and other incentives. Not coincidentally, these three dealers enjoy the highest sales penetration.

The same rule of thumb applies to follow-up efforts. Only

one dealer reports no formal follow-up activity. Most follow-up the sale of the car with a letter. Two dealers send two letters and four dealers also make follow-up phone calls. This last group sells more service contracts.

Occasionally, Tysons Corner auto dealers will throw in a free service contract to close a tough deal. But it is generally viewed as a serious revenue source and not a giveaway like some other after-sales items. Pricing of the contracts varies, with some dealers charging what the market will bear and other holding to suggested retail.

On the sensitive subject of pricing, Cherner Lincoln/Mercury's Charles Gotlieb is outspoken. "It's amazing how fast the word gets around on pricing. It only takes one person to chase off 10, so what's the sense of risking your reputation by charging more? You're entitled to a fair profit on any business transaction. But I think when you start charging ridiculous prices for aftermarket items you are taking something that is a benefit to the customer and turning it into a negative situation. You can't live just for 90 days."

One thing all the dealers agree on is that service contracts do indeed bring in service business. And with the improved quality and low maintenance requirements of new cars, as one dealer notes, "that may be the only business you get back on that car." □



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# The View From The Top

**F**ollowing the most recent meeting of the Executive Committee at NADA Headquarters, *Automotive Executive* asked NADA President Bill Turnbull and several other NADA officers to take a moment to reflect on a few of the significant developments that have taken place over the first six months of their terms. Here's what's caught Bill Turnbull's eye so far in 1983.

**Automotive Executive:** What was your basic objective as you took over the presidency of NADA?

**Turnbull:** Real simple. To do everything we can to protect an individual dealer's opportunity to make a profit and to realize reasonable returns on his investments.

**Automotive Executive:** How do you see NADA doing that?

**Turnbull:** We must be active in three critical areas. The first is government relations. It's probably the most visible, too. That's because actions by government have such tremendous dealer impact. We've got to stay aware of what's happening in Washington and make certain that the dealer's perspective remains part of the decisionmaking process. We must also keep a sharp eye on the regulatory agencies and stay in constant, regular communication with

members of the Congress.

Our second area of concern is industry relations. We need to work with our manufacturers to advocate a stronger, more productive relationship between them and our dealers.

And to help that process, we've reorganized our industry relations committee and have asked our first vice-president Jim Jennings to serve a dual role as chairman of that committee. Over the next few years, the franchise relationship between dealers and manufacturers will be changing. Marketing policy, dualing and other manufacturer-dealer issues will need to be reconsidered, and changes will have to come. NADA will be very active in that process.

The third area of our concern is dealership management. The recent problems of our industry have forced dealers to become better business people. We all learned tremendous lessons in expense control and productivity. And NADA has had a large role in helping dealers in these areas.

We will continue to make solid management services available to our members so that they can improve their business operations and be more productive.

And that's basically our approach this year.

**Automotive Executive:** You mentioned government relations. What do you see as the most important areas of concern for dealers this year?

**Turnbull:** Begin with the fleet subsidy issue. These special deals between fleet operators and manufacturers are eating away at the basic health of our industry. We simply cannot allow this practice to continue. It will destroy the franchised dealer.

For that reason, we are working very closely with Rep. Gene Taylor and giving all-out support to H.R. 1415, his bill

to eliminate these fleet subsidies. His bill brings basic fairness to the marketplace. It will put all customers on equal footing and eliminate the disadvantage which our retail customers now face compared with the fleets.

As I go around the country, speaking with dealers, the fleet subsidy issue always surfaces. It is a priority for us in 1983.

**Automotive Executive:** What else is on the government relations agenda?

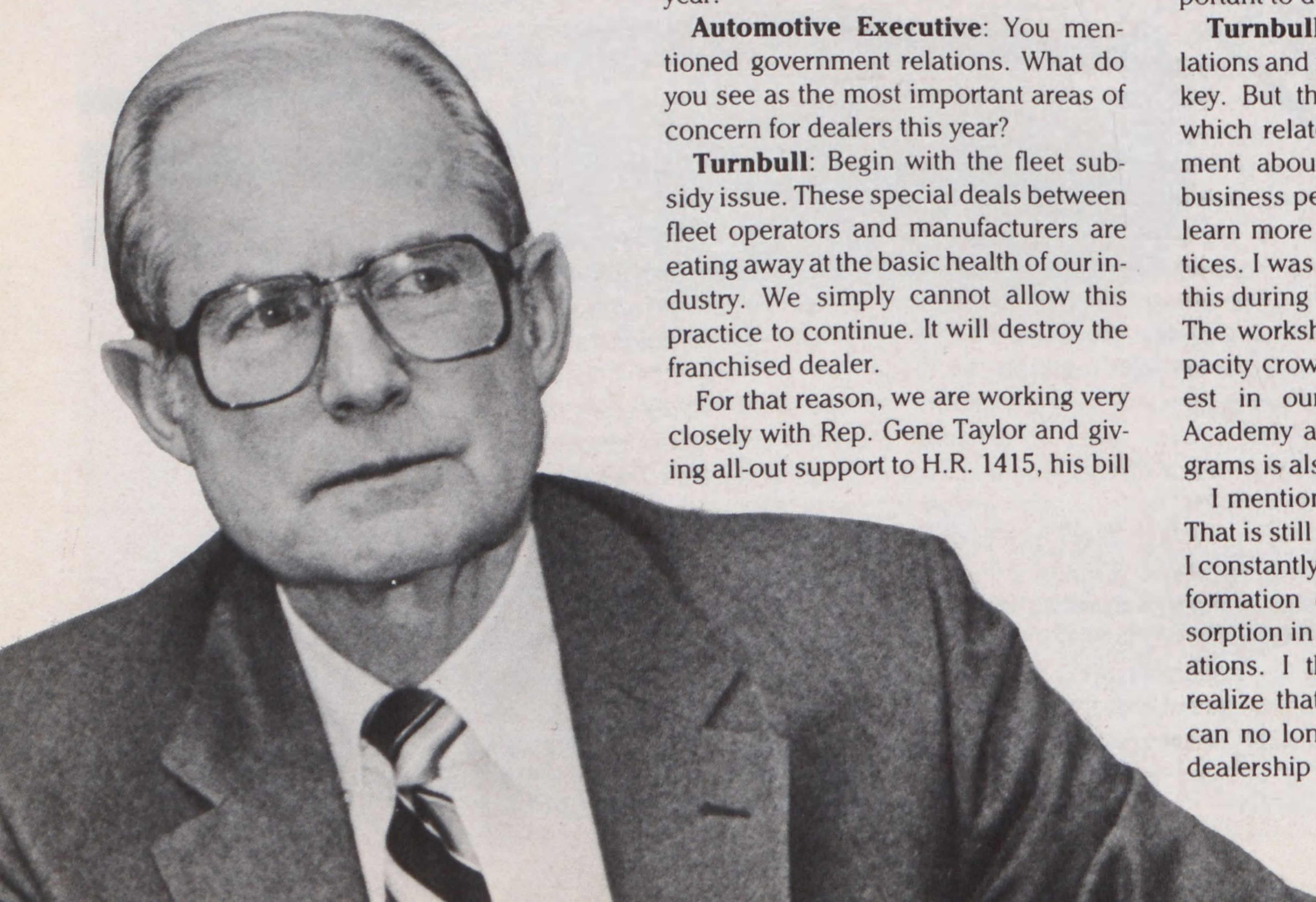
**Turnbull:** Protectionism. You know the free market lies behind the strength of the automobile industry. And if we are going to be successful in the coming decades, we need to be prepared to give the consumer what he wants. That means car designers and manufacturers must be able to use any source to provide the highest quality and most cost-effective transportation.

NADA actively opposes current efforts to develop local content requirements for automobile manufacturing. If we allow local content to become a reality in this country, we have started down the road to higher prices and reduced product availability. The destination at the end of that road is disaster for America's car dealers.

**Automotive Executive:** What's important to dealers today?

**Turnbull:** Obviously, government relations and industry relations issues are key. But there is an additional thing which relates back to my earlier comment about dealers becoming better business people. Dealers are hungry to learn more about good business practices. I was particularly impressed with this during our convention in February. The workshops and seminars had capacity crowds of close to 14,000. Interest in our 20 Groups, our Dealer Academy and other management programs is also very strong.

I mentioned expense control earlier. That is still a major concern for dealers. I constantly hear dealers exchanging information on improving expense absorption in their service and parts operations. I think all dealers now fully realize that car and truck sales alone can no longer be the sole support for dealership costs. As a result, we are see-





ing increased profit contribution by used-vehicle departments, parts department, service departments and leasing operations. That's very healthy. It means that dealers in the future will be better able to handle downturns in the business cycle.

**Automotive Executive:** You mentioned used vehicles. NADA was successful in last year's effort to veto the FTC Used Car Rule. What's NADA's activity in the used-vehicle area this year?

**Turnbull:** That is a major interest of ours. Let me say first that I just happen to be a nut about dealer image. Dealers must be a part of their communities. They build their own credibility through civic activities and their personal habits gain them the trust they need to become respected members of their communities. That translates into business for the dealers.

But, we must also carefully use our businesses to improve our image.

Our Voluntary Buyer's Guide program—the "window sticker" program—for used vehicles merits the interest of all our dealers. It provides the best tool to increase sales of used cars as well as to improve dealer credibility. So far, 35 states have committed to participate in the program and use a version of the guide.

I attended two meetings recently where dealers got up and reported that the independent dealers around them were just green with envy because they did not have a buyer's guide sticker for their used cars. Using the stickers definitely puts our franchise dealers at an advantage.

Customers are coming into our dealers' lots because of the stickers. This program really represents an aggressive effort to improve our credibility and profitability. That seems like a winning combination to us.

We have also published an updated NADA Code of Ethics. All of us at NADA believe strongly that we need to tell our customers how we feel about them and how we intend to do business. The Code of Ethics does that. It is a genuine commitment to our customers.

Dealer response has been tremendous. We sent each member one copy of the code and invited orders for additional copies. In just the first week, the mailroom at NADA was buried in requests. Dealers are behind the code and that is because they want to sustain a positive image in the community.

**Automotive Executive:** What about

your own operations? Don't they suffer because of your responsibilities as NADA President?

**Turnbull:** Managing my business and handling the duties of NADA President is tough. You just have to have good managers in your dealership if you want to take on this kind of responsibility. I am very fortunate to have that management talent in my operations. We knew this was coming and we made sure we were ready for it.

**Automotive Executive:** You are a truck dealer as well as a car dealer. Does what you have said apply to truck dealers as well?

**Turnbull:** Certainly. Good management is healthy in any business. Good customer service is particularly important in a truck dealership. In the truck business you learn early on that if you're going to survive you cannot depend on sales alone—you need good service.

**T**his has been a busy year for NADA's First Vice-President Jim Jennings. Under the revised NADA committee structure, he is also serving as the Industry Relations Committee chairman. And, for the first time, he has restructured the annual IR meeting into a series of individual make meetings, focused on specific problems. It's been a busy spring, and **Automotive Executive** caught him for a few minutes following the recent Ford line group meeting.

**Automotive Executive:** How difficult has it been to serve as first vice-president, an NADA director, and IR chairman under this new NADA structure?

**Jennings:** No great difficulty, but it requires more time than in the past. Our IR make meetings have required a particularly large amount of my time. But it's time well-spent. These individual meetings allow us to focus on specific problems and needs. Now we've got our programs in place, and we're ready to move.

**Automotive Executive:** You have the chance here to comment on NADA's efforts on behalf of its members. What's your impression of these efforts?

**Jennings:** In particular, I think our new committee structure will reap benefits for dealers. Especially in communications and dealership operations.

We have a strong capable staff, and greater member involvement is providing the staff with direction for change and improvement. Dealers will see even

**Automotive Executive:** What about optimism? Are dealers optimistic?

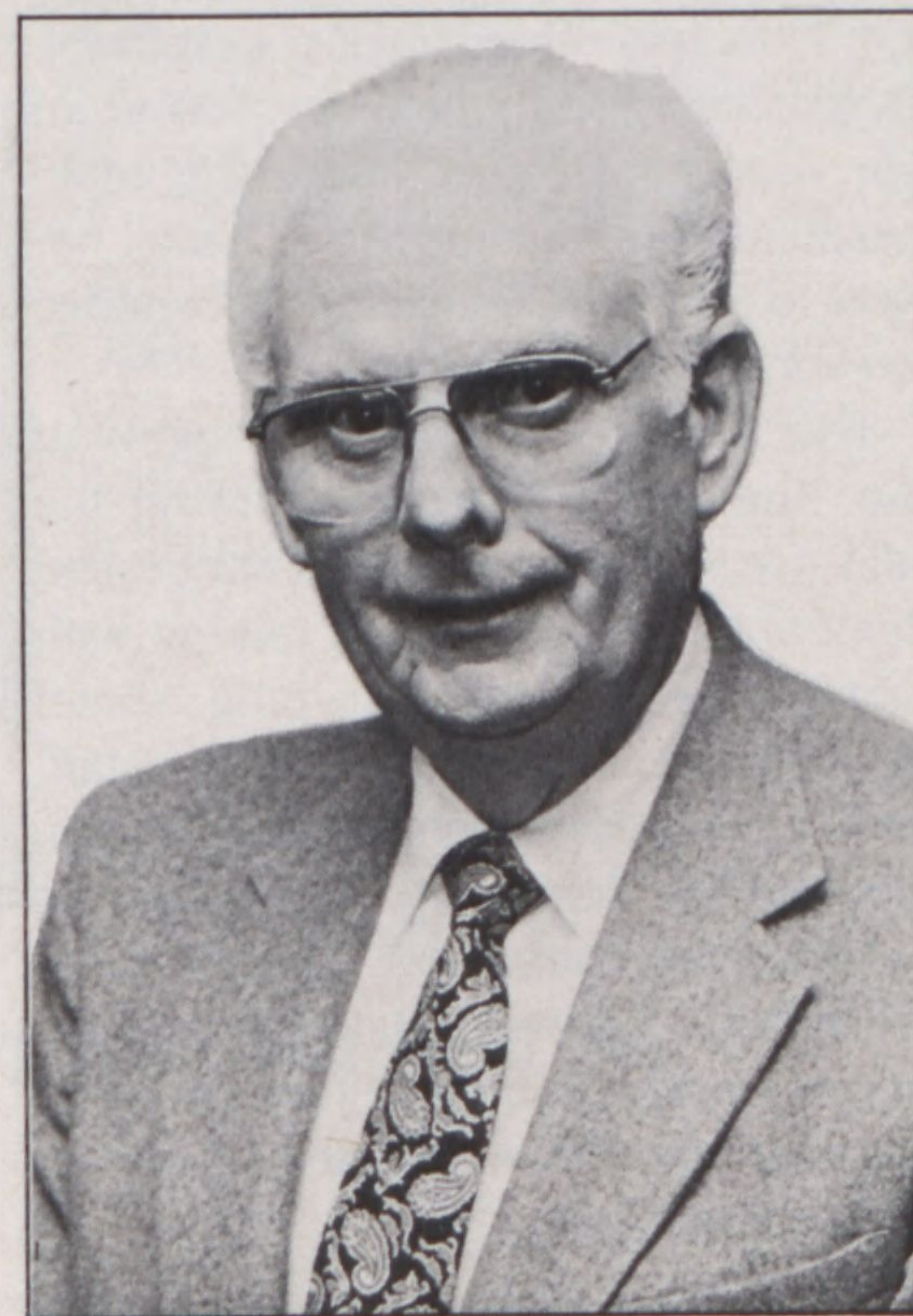
**Turnbull:** They are and I think they should be. As my term began, the optimism index which NADA keeps on dealer attitudes was up. I think that helped us have a successful convention. Dealer optimism is still up, largely due to the return of profitability which comes from good management. But I think it is also due to the improving economic news. Dealers tell me that they are seeing more floor traffic and we are seeing more improved sales figures. I think you will also find that more dealers will be profitable this year than last. Many are forecasting that 1983 sales levels will be at least a million units above last year. If product continues to be available in the right mix, we could do that. I think there are many things that bode well for our future. □

more improvement as everyone begins feeling more comfortable with the new structure over the next six months of this administration.

**Automotive Executive:** As a dealer, and the director for metropolitan Chicago, how do you see the current economic situation?

**Jennings:** It's a good time. Best six months in this industry in several years. Prime rates were around 16 percent a year ago and are now closer to 10 percent. That's good news! And sales seem positive too.

New England, for example, leads the country right now. Their figures are good in all divisions. And that's impor-





tant, because they were the first to feel the pinch several years ago.

The press also seems optimistic. In fact, they are the most optimistic I've seen in a very long time in this business. We have all the pluses that we've been saying we need for recovery. Economic indicators are looking good. But there are problems with product availability in all makes and models—domestic and imports.

**Automotive Executive:** How about the rest of the year?

**Jennings:** We'll see continued steady improvement. We have a lot going for us. Naturally, things can go wrong, but I think everyone in the industry recognizes the need to work together to keep ourselves moving forward. I am encouraged by the products coming onto the market. Product planners are being more responsive.

In terms of our dealers, they have adjusted their operations to do the job in this revised market. The surviving dealers of the last four years are much stronger now and they are better prepared to operate in the future. We have developed a great deal of expertise in the last four years and dealers are much more successful in the marketing and financing areas. Those are the real keys to success.

**Automotive Executive:** How would you sum up what has happened in the past few years?

**Jennings:** We've matured. Just as dealers were learning that the old ways couldn't work forever, manufacturers learned that the business has changed. In industry relations, we now note increased interest by manufacturers in dealer opinion. Our primary responsibility (on the industry relations committee) is to keep these lines of communication open and to make them work for our dealers. Dealers know the retail business. For the industry's sake, we have to find ways to use that knowledge to everyone's benefit.

That's one of the great strengths of our line group structure. During the year, we will have groups of successful dealers in each franchise talking with manufacturers and providing direct dealer input. With the help of the staff, we'll work closely with the dealer councils and the dealer advisory boards to help support their work. Overall, there seems to be a genuine desire to find solutions to our problems. This could be the year when that attitude and our efforts all bear fruit. □

**I**t appears that the Northeast is finally beginning to kick off the dust and cobwebs of recession and move with the rest of the country toward recovery, according to NADA Region I Vice-President Robert Burd, who "just got through polling my people for a regional directors meeting."

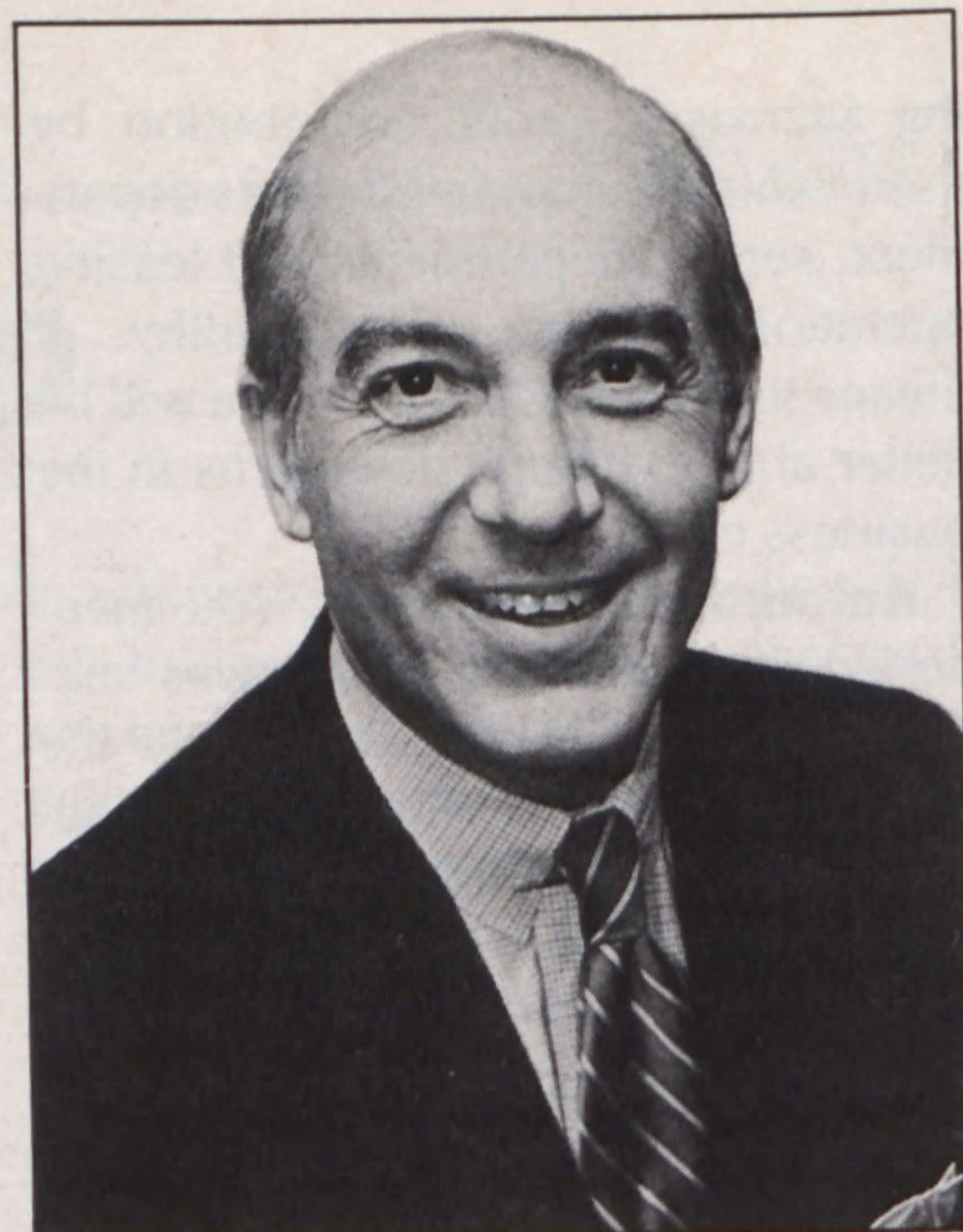
The picture is spotty, but definitely improving. Burd reports Maryland and New Hampshire are doing "very well;" Massachusetts, "which has probably been down longer than any of us, is enjoying the best business they have seen in a long time;" and Vermont, though quite a few dealerships have closed, is "coming back strong." The New York and New Jersey metropolitan areas "aren't great yet, but I don't think they got down as far," says Burd.

"What I'm saying is that we can see a pretty healthy situation right now," he adds. "It's slow, but it's a steady recovery. We already have some product shortages, and a rapid recovery would only mean more shortages." The outlook for the rest of 1983, Burd predicts, will be "a slow recovery based on production."

Other than the business climate, Burd says the No. 1 priority in his area is the fleet subsidy issue. "The resolution was born here in New Jersey," he reminds us, "and the fire doesn't need any fanning around here. It's a very emotional subject—one that's hard for us to talk about."

Well, let's talk about NADA then, he is coaxed. Are we doing the job?

"NADA dues are the best bargain around," says Burd, "and most people I talk to are proud to be NADA members. But there is a lot of apathy out there too, and the membership numbers in this region are not what I would like to see. We're going to work on that." □



**C**onsumers come in prepared for our sticker prices now," says H. E. "Buddy" Derrick, vice-president of Region II. "We've seen a strong increase in floor traffic since the first of the year." He says today's buyers have a more positive attitude than the "tire kickers" of the past.

Mentioning that the only soft area for Region II dealers is the service department, Derrick expressed hope for the near future. "I expect steady growth will continue through the spring and summer, unless something unforeseen happens," he says. Dealers in his area are now concerned with model availability, a welcome problem. "If we had 30 'hot' days in a row, many of us would be short of inventory."

As far as members' attitudes toward NADA's fleet subsidy position, Derrick says he has not heard any negative comments. Many dealers have called him with specific examples of inequitable pricing; one even volunteered to go to Washington to testify.

Derrick also says local dealers support NADA's efforts to stop odometer tampering. "I am competing against those who tamper. If uniform procedures for recording and disclosing odometer readings are adopted, used-car prices in the industry would be more equitable."

Throughout his travels in Region II, Derrick hears members complementing the work of NADA and its staff. "There will always be individuals who feel NADA is not doing enough for them. But many of those dealers are the ones who need to organize their dealerships more tightly. NADA, through programs such as 20 Groups, can help them improve profitability." □

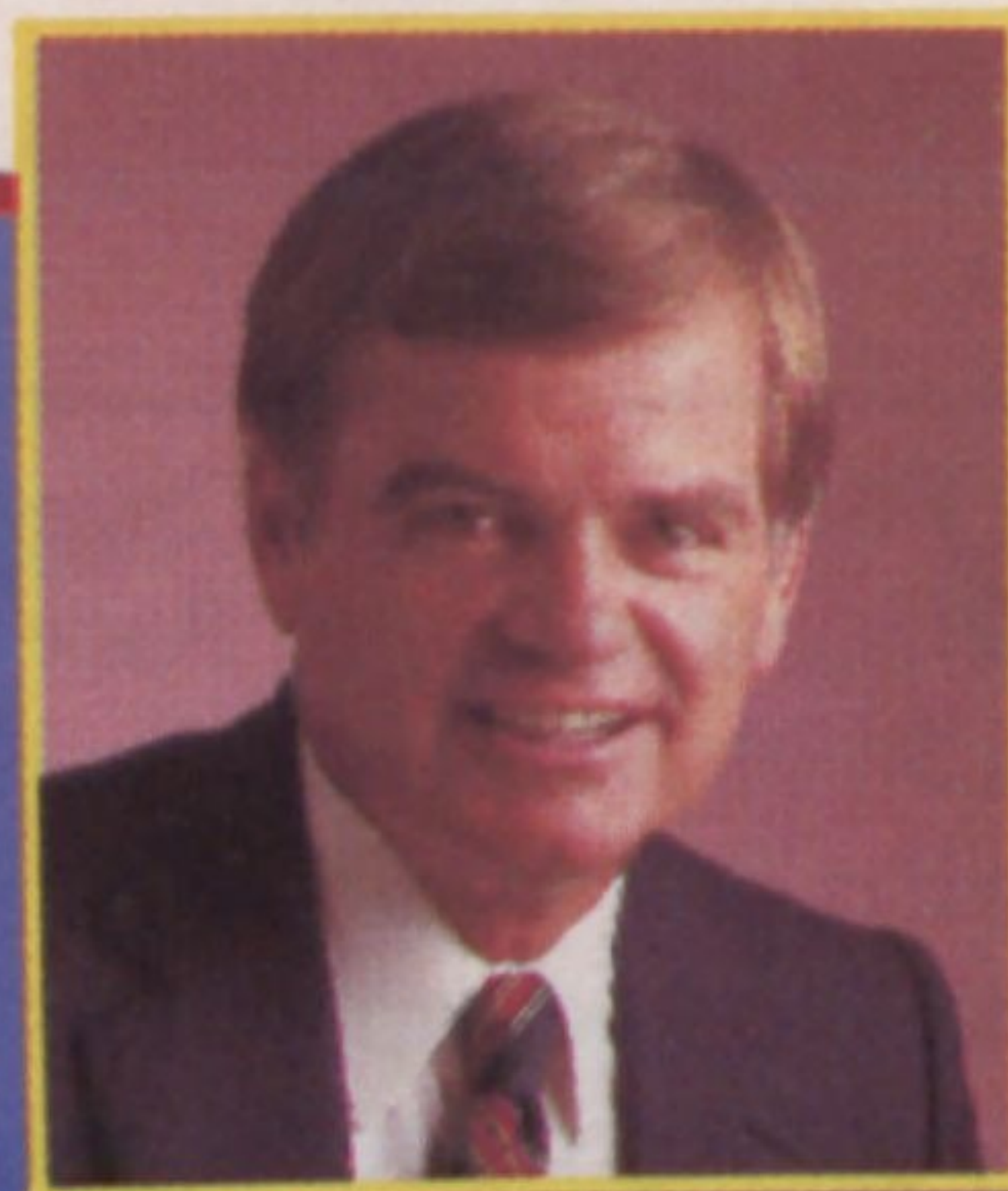
(Continued on page 34)





# GENERAL WARRANTY

CORPORATION



*Jerry Farrar, President*



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**W**hat's one of the biggest problems facing dealers? Poor image, says Dick Smith, vice-president of Region III. "Dealers are regarded by much of the public as shady operators," Smith says. "But nothing could be farther from the truth. Dealers as a group are fine business people and community leaders, who make a strong contribution to local economies. Only the bad apples attract



headlines, unfortunately. Most of the good things dealers do go unreported."

Cracking down on odometer tampering would help erase some of this image, Smith says. "A few crooked dealers are ruining everybody's good name. We're out to put a stop to tampering. NADA has taken a firm position against the practice."

According to Smith, business in Region III is steadily improving. "We've got a mix of farming and industry, and both were hard hit by the recession. But this year we've seen a noticeable increase in business. Unless something unexpected occurs—like a rise in interest rates—this year looks promising." □

**D**ealer optimism is running high in the West, according to James Woulfe, vice-president of Region IV. "Dealers are as optimistic as I've ever seen them," he says. "I've just been to several dealer association meetings, and the optimism there is overwhelming—it's the highest I've seen in the past four or five years."

In the West, as in the rest of the U.S.,



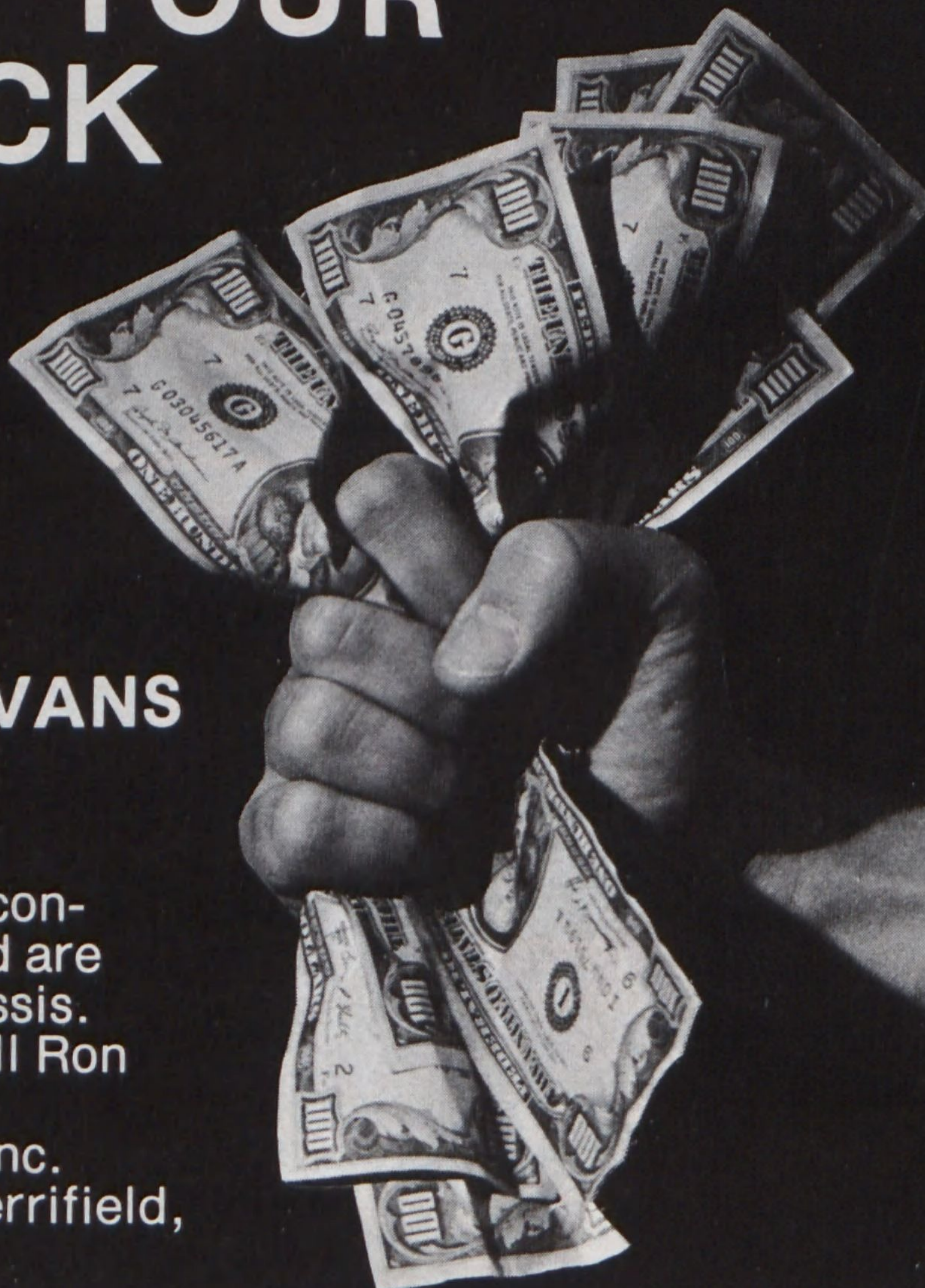
one of the major issues on dealers' minds these days is the fleet subsidy legislation. Woulfe reports much interest and concern over this topic in his region, and says that "dealers are anxious for this issue to be resolved."

When asked about the job NADA is doing for its members, Woulfe says that the association "is doing a lot in important areas that don't make a lot of noise—such as the 20 Group and Sales Trak programs." □

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- ☐ 3 Independent Used Car/Truck Dealer
- ☐ 4 Manufacturer
- ☐ 5 Distributor
- ☐ 6 Other (Specify) \_\_\_\_\_

II. JOB TITLE

- ☐ A Dealer/Owner
- ☐ B General Manager
- ☐ C Sales Manager
- ☐ D Parts/Service Manager
- ☐ E Body Shop Manager
- ☐ F Manager, other (specify) \_\_\_\_\_

III. ANNUAL SALES VOLUME

- ☐ 1 Under \$1,000,000
- ☐ 2 \$1,000,000 to \$5,000,000
- ☐ 3 \$5,000,000 to \$10,000,000
- ☐ 4 Over \$10,000,000

IV. NUMBER OF EMPLOYEES

- ☐ A 10-25
- ☐ B 26-40
- ☐ C 41-60
- ☐ D Over 60

Products and Services

1	11	21	31	41	51	61	71
2	12	22	32	42	52	62	72
3	13	23	33	43	53	63	73
4	14	24	34	44	54	64	74
5	15	25	35	45	55	65	75
6	16	26	36	46	56	66	76
7	17	27	37	47	57	67	77
8	18	28	38	48	58	68	78
9	19	29	39	49	59	69	79
10	20	30	40	50	60	70	80

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81	84	87	90	93	96	99	102
82	85	88	91	94	97	100	103
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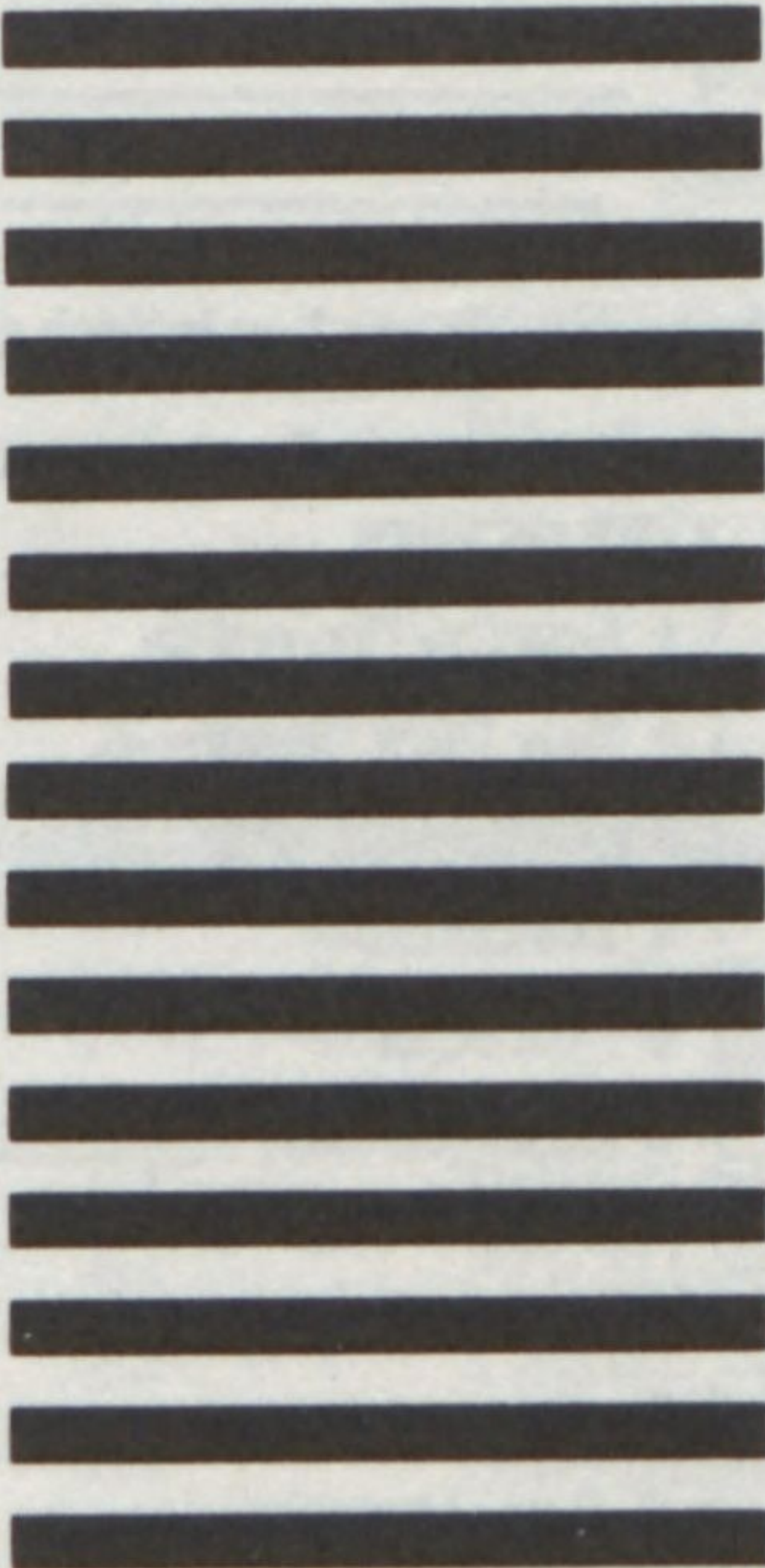
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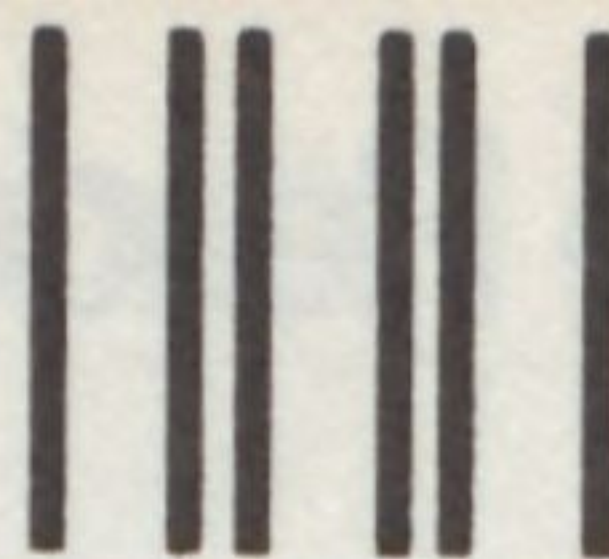
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5	15	25	35	45	55	65	75
6	16	26	36	46	56	66	76
7	17	27	37	47	57	67	77
8	18	28	38	48	58	68	78
9	19	29	39	49	59	69	79
10	20	30	40	50	60	70	80

#### Showcase

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22	PADE	46	82	Arlon Inc.	51
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# DEALERSHIP PROBLEMS?



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# FRINGE BENEFITS

by Steve Morris

**S**o you don't pay much attention to fringe benefits? You say you can't control them and they really don't cost much? Suppose I could show you that for each employee's fringe benefits, you pay the equivalent of your profits on 11 vehicles?

Do I have your attention now?

It costs the average dealer about \$5,760 per year for fringe benefits for each employee (see Table I). If your average profit per unit is \$500, that represents 11.5 units of profit for each employee. Even if your profit is \$1,000 per unit, fringe benefits still cost the equivalent of almost six units of profit.

## What Are Fringe Benefits?

Fringe benefits consist of five general categories: (1) legally required payments, such as Social Security, unemployment compensation or workers compensation; (2) pension, health insurance and such plans as life insurance, disability and dental insurance;

(3) paid rest periods, lunch periods and travel time; (4) payments for time not worked, such as paid vacations, holidays and sick leave; and (5) profit-sharing plans, thrift plans, special bonuses and employee education.

Dealers, of course, also offer "perqs" such as demonstrators or discounts for parts and new-vehicle purchases. But this article reviews only the five most common categories of fringe benefits.

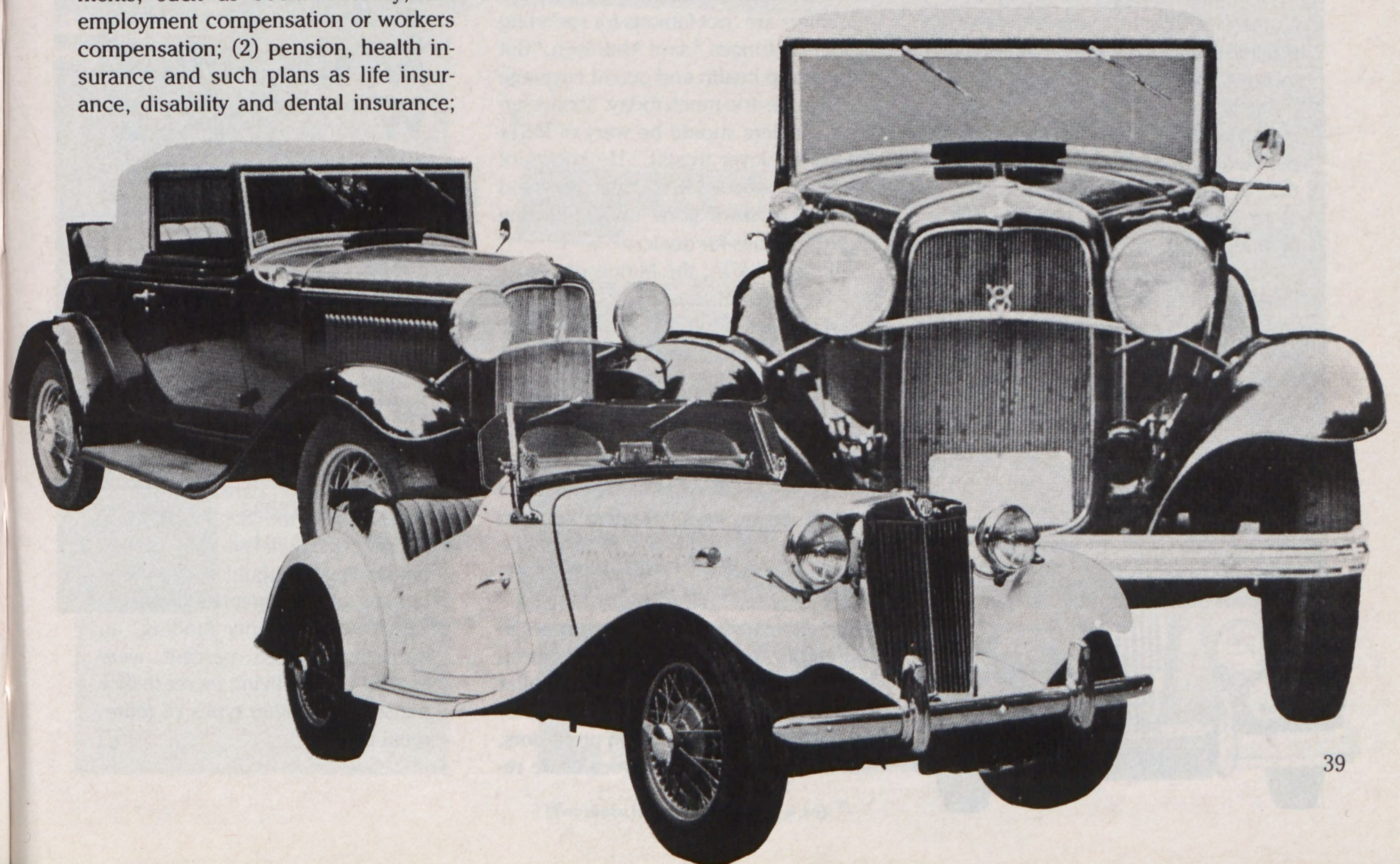
## Dealer Viewpoints

How important are employee benefits to your dealership? And how important are they to the employees?

Ronald Palumbo, Weiss Volkswagen, Queens, NY, says, "Any dealer who doesn't consider benefits is fooling himself. Good employees just won't

stay with you if you don't offer good benefits." Palumbo, with 37 employees, relies on the Greater New York and Long Island Automobile Dealers Association for hospitalization, major medical coverage and disability insurance. He purchases workers' compensation insurance through the New York State Automobile Dealers Association. The dealership's retirement plan is with NADART, NADA's well-known operation.

Lorenzo Baker of Columbus Truck and Equipment, Columbus, OH, says, "Employee benefits encourage well-being, particularly in areas such as medical and group health insurance. Individuals might not purchase this insurance themselves or find as good a plan as the company. Healthier employees





mean more productive employees."

According to Bill Norton, plan administrator at Courtesy Chevrolet Inc., El Paso, TX, "Employee benefits are essential." Courtesy Chevrolet, which has 130 employees, works through the Texas Automobile Dealers Association to purchase workers' compensation and unemployment insurance. It also uses NADART. Norton says that the dealership plans to drop its long-term disability coverage, because of employee disinterest and Social Security duplication. But they are also expanding short-term disability to a year.

"Employee benefits can be a pain to administer, but the programs are essential and important," states Bill Barker of Barker Motors Co., Bloomington, IL. He isn't planning any major changes in employee benefits, with the possible exception of initiating dental coverage. In his situation, Barker feels that employee benefits have not really helped attract experienced personnel, but they have contributed to personnel stability.

Overall, our research found dealers concerned with the rising cost of health programs. Many are cutting back through increased deductibility and "stop loss" measures. Dealers rely on state and local associations to provide assistance, advice and superior products at a lower cost. They also rely on NADA for retirement plans and life insurance programs.

While many dealers have a vague idea of the costs, few realize that it involves about 37 percent of a dealer's payroll nationally. Furthermore, few are aware of recent or proposed legislation about employee benefits and how it

might affect their dealerships.

### State and Local Associations

To outline state and local association fringe benefit programs, we spoke with two executives whose organizations are among the most active.

Keith Andresen, executive vice-president of the Arizona Automobile Dealers Association (AADA), represents 193 dealers. AADA handles four employee benefit plans: workers' compensation, dental care, group health and long-term disability.

About 90 percent of AADA's membership is in its workers' compensation plan. Andresen thinks this plan has helped reduce injuries at dealerships and actually lowered workers' compensation costs. Dealers now pay about half the rate they paid four years ago.

Dealers are "not famous for spending money on fringes," says Andresen. "But most group health and dental coverage cost dealers too much today." Andresen feels "dealers should be wary of METs (multi-employer trusts)." He knows of instances where METs have not paid benefits or have gone under, leaving large liabilities for dealers.

Like the AADA, the Minnesota Automobile Dealers Association (MADA) has a workers' compensation program for 408 of its 630 state members. MADA also offers group health and hospitalization coverage, including disability, life and dependent life coverage. Some 330 dealers participate in this program.

Gary Rippentrop, MADA's executive vice-president, says, "Dealers here are concerned about the cost of insurance and the fact that medical costs keep rising."

Speaking about trends that he sees in the employee benefit field, Rippentrop sees movement away from first dollar coverage to increasing deductibles. "Not only does this save on premiums, but it also makes employees more re-

sponsible about their health."

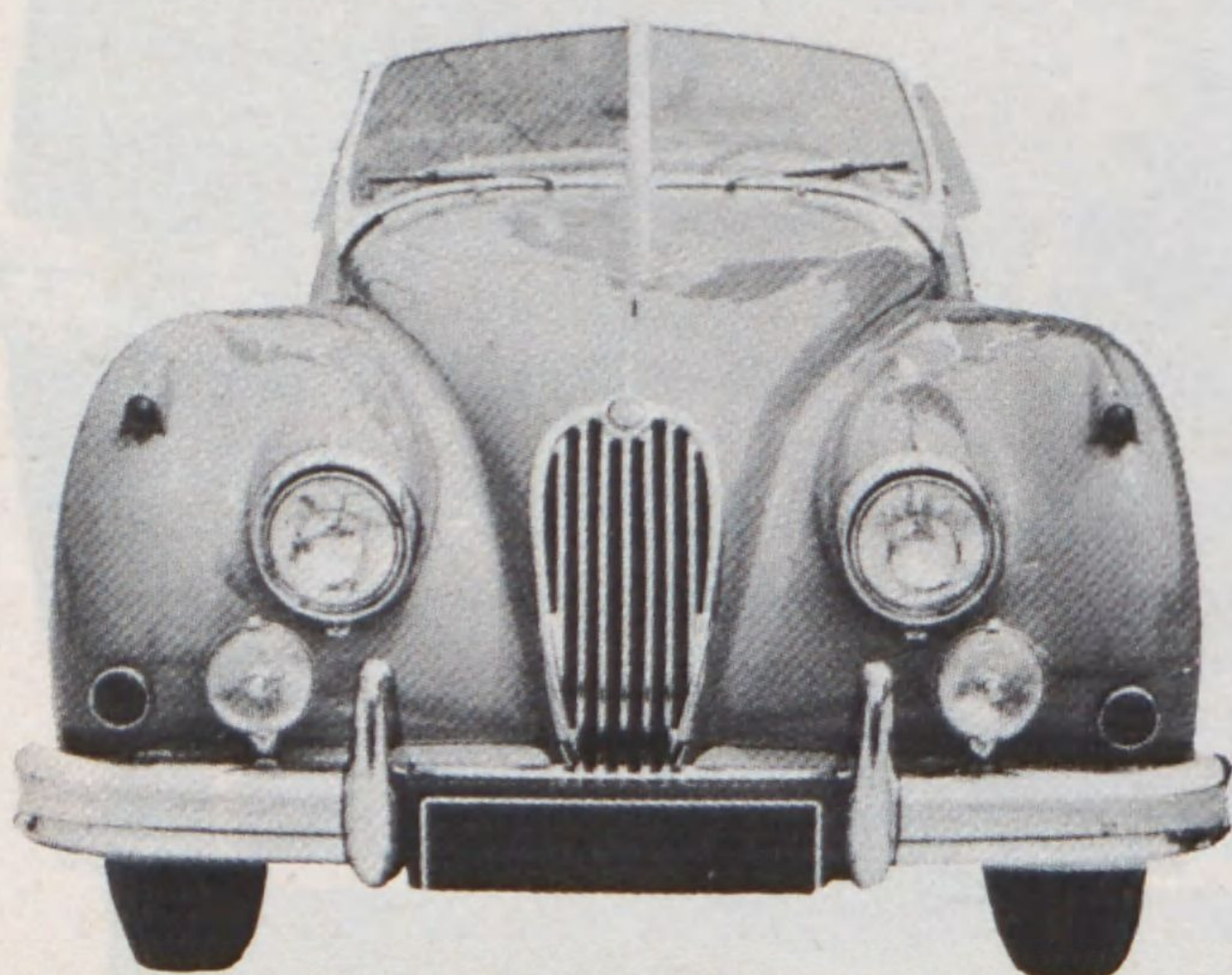
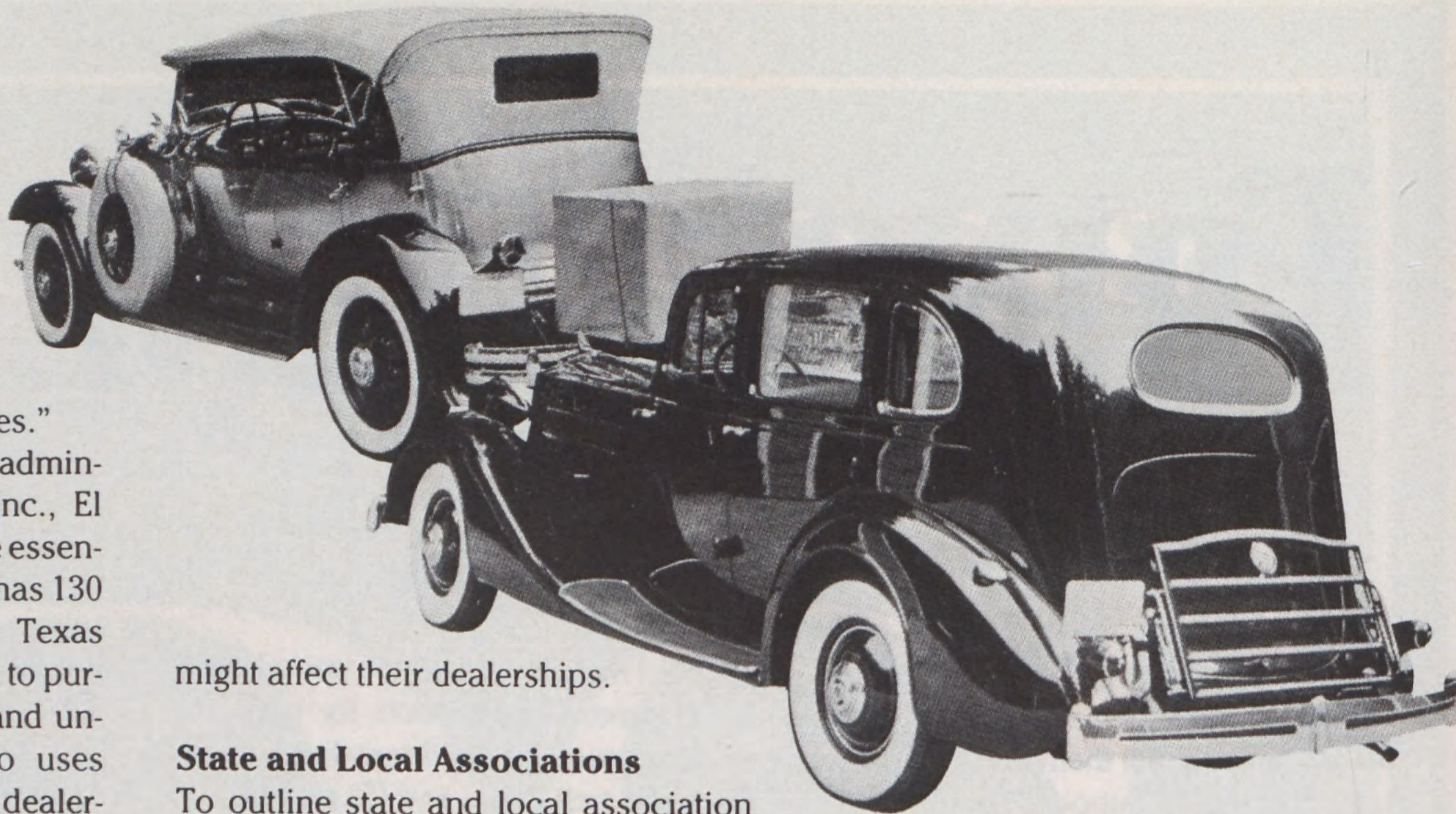
### What do the Experts Say?

We also spoke with consultants who work closely with automobile dealers throughout the country.

Art Neiman of Art Neiman Inc., Chicago, IL, feels that dealer benefits lack consistency from one dealership to another. "They run a wide gamut—from good life insurance programs to no life insurance at all," says Neiman. Another major problem is that "often there is no knowledgeable dealership person to

## What's in Store for the Future?

William A. Mercer Inc., a New York-based consulting firm, recently polled the owners and officers of large, small and medium-sized companies, asking what benefits the executives would most like to see popularized in the 1980s. The results: 51 percent of the respondents wanted incentives for early retirement, 49 percent wanted flex time, 48 percent sought financial counseling and 34 percent wanted dental plans. (Many executives also singled out legal and vision care as areas for expansion in the '80s.) And while 58 percent believed that private pension plans should be expanded in view of the potential problems with Social Security funding, an overwhelming 85 percent were against cost-of-living increases for pension and other types of retirement plans. □





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Joseph Faulkner, President,  
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"Customers with the GM Plan keep coming back to our service department for three years after the sale."

Judith Faulkner, President,  
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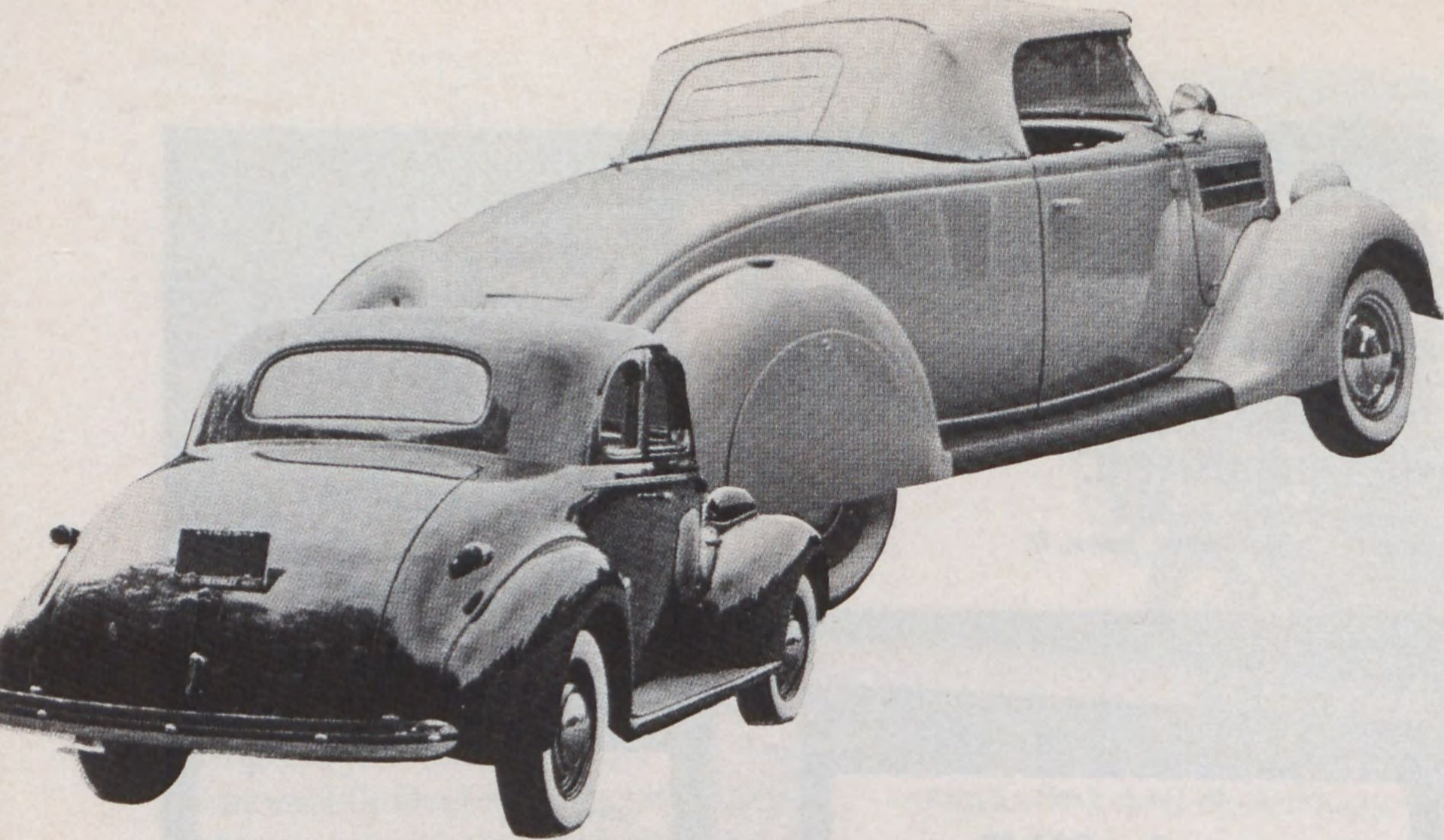


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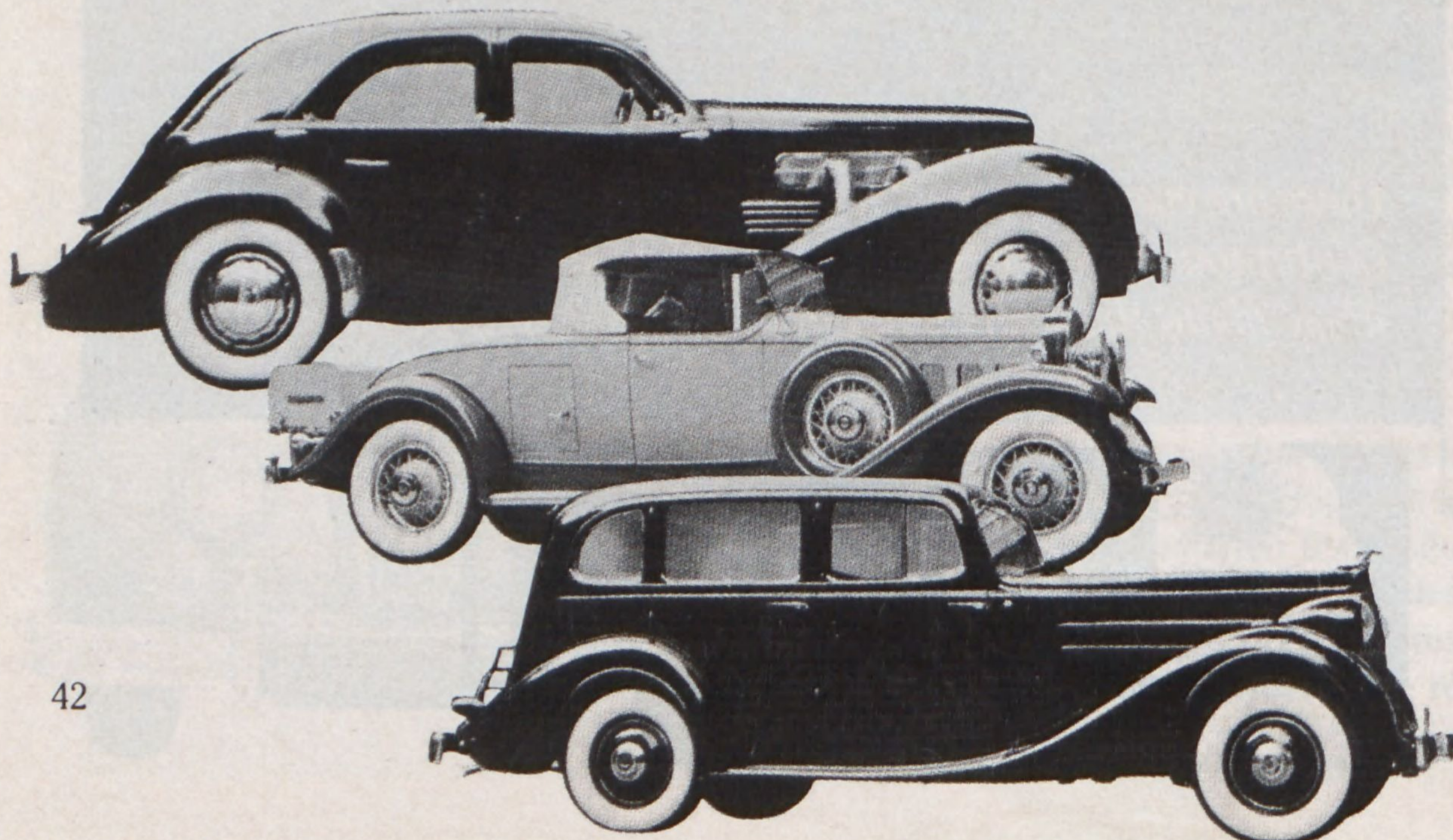


**TABLE I**  
**ESTIMATED AVERAGE WEEKLY EARNINGS**  
**FOR DEALERSHIP EMPLOYEES—1981**  
 (Source: NADA DATA for 1982)

1981 Weekly .....	\$ 297
1981 Annual .....	\$15,444

Employee benefit payments in 1981 averaged 37.3 percent of payroll (U.S. Chamber of Commerce survey of 994 companies). Included were:

	\$15,444 Dealership Employee Related to National Average	
	<u>Nat.</u>	<u>Nat.</u>
	<u>Avg.</u>	<u>Avg.</u>
Legally required payments: Social Security, workers' compensation, etc. (employer's share only) .....	9.0%	\$1,389.96
Pension, insurance and other agreed-upon payments (employer's share only) .....	12.7%	\$1,961.39
Paid rest periods, lunch periods, etc. ....	3.4%	\$ 525.10
Payments for vacations, holidays, sick leave, etc. ....	10.0%	\$1,544.40
Profit-sharing payments, bonuses, etc. ....	2.2%	\$ 399.77
Total .....	37.3%	\$5,760.62



coordinate personnel or benefit programs.

"Even with only 50 employees, a personnel policy is critical since 50 percent of every dealership dollar goes to personnel."

Sandy Seay of Morefield, Seay & Associates Inc., Orlando, FL, provides personnel consultation to dealers. The nationwide firm provides personnel policy handbooks and special reports on wage and salary programs, and other employee benefits.

Seay thinks dealers don't effectively communicate benefit programs to employees. "It's like throwing benefits away," he says. "If the employees don't know about them, they can't appreciate company benefits. Another problem Seay sees is that many dealerships don't have written policies or procedures, which creates uneven administration.

Larry Armfield, vice-president of Benefit Plan Administrators, Wichita, KS, has two pieces of advice for automobile dealers. First, he says, look seriously at self-insured health plans even if you are a small (15 to 25 employees) dealership. And secondly, "get advice from a 'full service' consultant, one that isn't working for only one company."

Marv Paull, senior consultant actuary of the benefit consulting firm of A. S. Hansen, Los Angeles, CA, cites pensions as particularly important. "Some funds are not earning at particularly good levels. They have a wide range of returns and this is an important consideration for investing retirement funds," states Paull. He thinks it's very important to compare returns. (When asked how he would judge the 14.1-percent return for the NADART fund in 1982 within our guidelines of conservative investing, Paull said, "That's outstanding.")

Paull also endorses new "flexible compensation" plans, where employees can elect to defer compensation and not have it included in W2 income. "This would be excellent in group health and retirement. It's something dealers should consider," Paull says.

#### The National View

Frederick D. Hunt Jr. is executive director of the Society of Professional Benefit Administrators (SPBA) in Washington, DC. SPBA is a clearinghouse and lobbying group for some 200 employee benefit consulting firms, which claim to control about one-third of the benefits' programs for workers across the country.

Hunt sees two potential problems



coming in the employee benefit area. First, a proposal now in Congress would cap deductible health insurance payments. Those in excess of \$70 month (single) or \$175 a month (family) would be taxable to employees. Hunt feels that would burden employees and create a severe administrative problem for companies.

Secondly, his association opposes the "fair insurance proposal" also before the Congress. This proposal would require equal annuities for males and females. If passed in its present form, companies must pay the highest premium level, not an average male/female rate, thus raising total costs.

Hunt strongly believes automobile dealers should look into self-funding and third-party administration using insured products and "stop loss" provisions. Above all, he says, get someone into the dealership or seek an outside adviser who knows what they're doing. (His group, composed of third-party administrators, represents companies that already work with state dealer associations. A list of SPBA members is published each year in the October issue of *Pension World*; NADA members can receive the list by writing SPBA at 2033 M St., NW, Suite 208, Washington, DC 20036.)

### Rising Costs

Americans are healthier than ever, but we are paying a high price. Health insurance costs have far outpaced the rise in inflation and continue to escalate faster than wages. Dealers can save money if they keep pace with these changes. Increasing deductibles is recommended universally as an immediate savings. Other recommendations include prepaid group health plans such as HMOs and changing from an open-end to a fixed surgical reimbursement schedule. Some dealers have increased employees' share of co-insurance. Least expensive is educating employees about preventive health measures. The CPR (cardiopulmonary resuscitation) training program is an excellent example. Employees who are more aware of their health stay physically active, healthy and productive.

David L. Glueck, vice-president of Towers, Perrin, Forrester and Crosby, a national benefit consulting firm, writes in *Pension World* magazine that health care cost containment should be a dealership priority. Firms should determine how health care dollars are being spent,

## Take a Look at TEFRA

**W**hile you are trying to save costs in the health insurance area, watch out for a change created by the Tax Equity and Fiscal Responsibility of 1982 (TEFRA). It requires workers between the ages of 65 and 69 to have the same medical coverage as younger employees. This change, which became law January 1, 1983, will undoubtedly add to your health insurance costs. (Obviously, this aspect of TEFRA will affect you only if you have employees over 65.) Check with your insurance carrier to learn what its policy is toward such premiums.

Also, don't forget to take a look at 401 (K) plans. This is a type of company retirement plan similar to a pension and profit-sharing plan. It allows employees to reduce yearly salary by anywhere from a few percent up to 15 percent. Since the salary is reduced, the employee's federal and state income taxes are also reduced. Yet the full reduced salary goes into this qualified type of retirement plan and is fully vested. It has the same effect as an IRA but can be used in addition to an IRA. (NADART offers a version of this type of plan as do many of the big mutual funds and insurance companies.) □

including medical costs, workers' compensation, lost time, payments to disabled employees, retraining expenses and group medical expenses. It's essential to a good profit picture.

### Conclusion

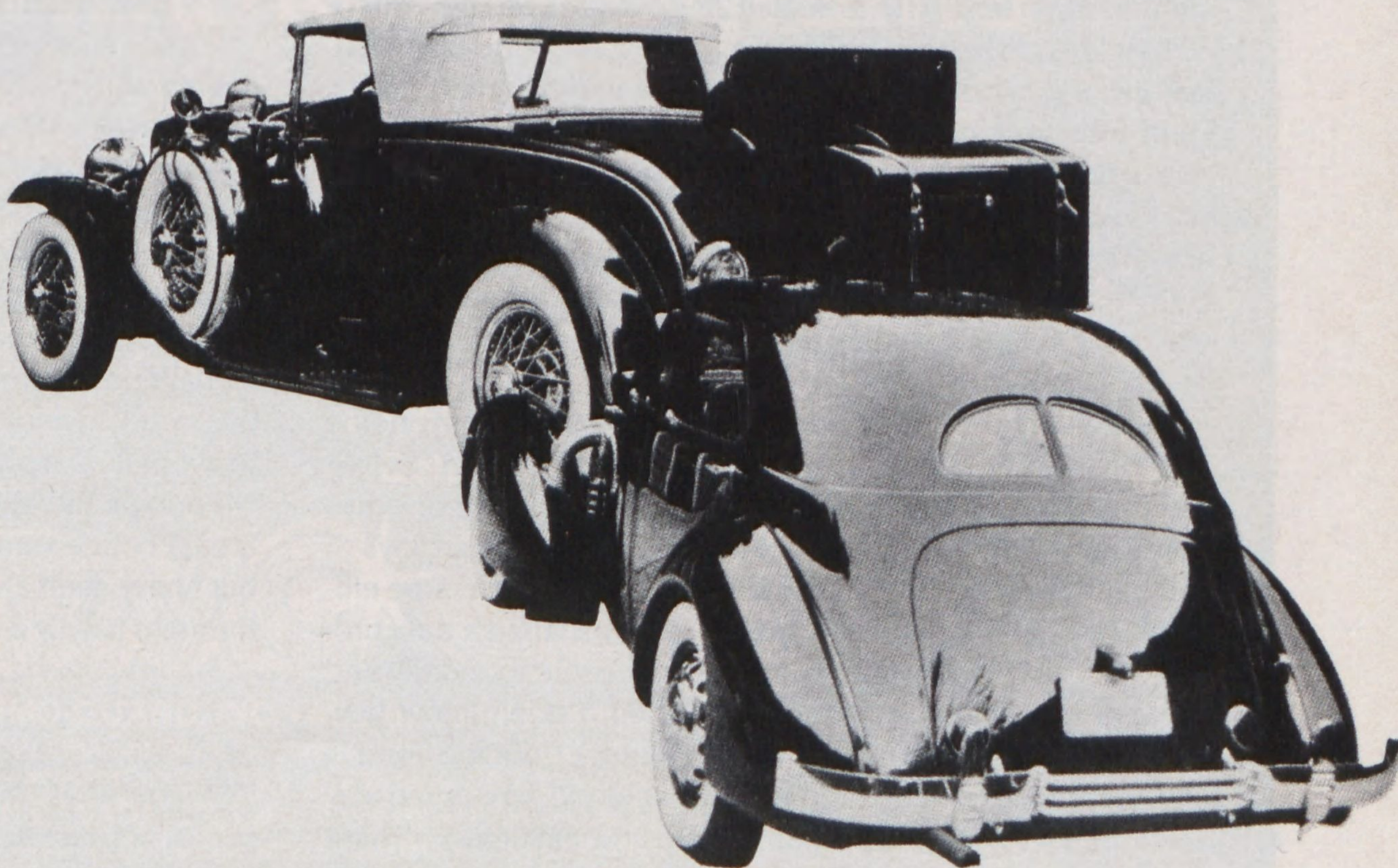
Consultants, dealers and other experts send one strong message to all companies—benefits are expensive and continue to increase in cost. Benefits have also become more complex to administer. Whether you have 10 or 300 employees, you need expert assistance to run this part of your business efficiently. You must tread a fine line between optimum benefits to retain and reward valuable employees while not

giving away your store.

NADA offers excellent retirement and life insurance plans. Many state and local dealer associations also offer health, dental, workers' compensation and disability programs. And many independent consulting firms and insurance companies throughout the country can be relied on for advice.

In these days of unsure economies, vacillating interest rates and up-and-down car sales, you must gain a firm handle on your company's employee benefits so that they reward you and your employees—at the right price.

*Editor's Note: Steve Morris is director of administration for the NADA Retirement Trust.* □





## Dropping In On The Auctions

**I**n future editions of *Automotive Executive*, "Auction Block" will appear on a quarterly basis. There simply isn't enough material for us to continue the column on a monthly schedule.

Everyone, and everything, has an anniversary date and auto auctions are no exception. We dispatched representatives to two such celebrations recently. Let's begin with the D-A Auto Auction in New Stanton, PA.

Clo Angelicchio recently celebrated D-A's fifth year, and it's interesting to see where the auction is today compared to where it was. In D-A's first year, 300 cars were consigned; on the auction's fifth anniversary, 800 cars were consigned. In 1978, Clo operated two lanes; four are now in operation. Five years ago he sold 60 percent; on his anniversary, the percentage sold was 80. And in 1978, Clo had 400 registered dealers; today he has progressed to 1,500.

Many auctions are family-run companies and, from what I have observed, these are among the most successful. D-A is typical. Clo's son, Dennis, is the general manager, and his daughter, Debbie, is the office manager. And I'm sure there are other family members gainfully employed at the auction.

Our next stop was in Statesville, NC, the home of Larry Hedrick's Statesville Auto Auction. Larry opened in 1976 and consignments on his first sale totaled 259, of which he sold 130 (or 50 percent). At that time he had a list of 2,000 registered dealers and was working with two lanes. Now, seven years later, Larry runs four lanes, has 5,500 registered dealers and runs consignments of 950 to 1,000 cars per sale. His percentage sold averages 62 percent. Larry entered the auction business to implement his ideas on improving the business. He stresses courtesy and efficiency and observes, "If the last person your customer sees is the gate guard, and he's nasty, the customer probably won't be back."

The Baltimore-Washington Auction is so close to my home that I tend to drop over with some frequency. Further, Bernie Sisco is interesting. He is still new in the business and has thoughts which may or may not be original—who can say?

On my last visit, Bernie was telling me how much more efficient the operation has become since he installed a data processing system and employed systems people to modify and expand the programs he had purchased. I don't know how many auctions are currently "on a computer," but the trend is clearly in that direction. Bernie, thinking aloud, wondered why auctions do not have "20 Groups" as do new-car dealers. There

is no question the concept is good, but someone has to get behind such an idea. Ideas, alone, are like so many unfertilized eggs. I think this idea is worth looking into.

I have noticed, with increasing frequency, the number of "special interest" cars that appear at auctions. Frankly, I am usually surprised to see a 1967 T-Bird (as I saw at B-W on my last visit), a beautiful '56 Vette (in Florida, some months ago) or similar cars that bring big dollars. I know some auctions have special sales for "classics" and would-be classics, but these are often annual things, sometimes open to the public. I believe the "collectible" car population will grow and that we have to redefine "collectible." A "collectible" car is, in my opinion, a car which has value other than transportation—for example, a 1971 Dodge Challenger. One could pick models from any manufacturer—the Mustang, the Firebird, the Camaro, the AMX, etc.

A collectible car tends to appreciate or, at the very least, hold a value higher than a car of the same year which has no features of interest. There is definitely a market for cars of this type. In fact, there is a strong market for the older performance cars and dealers would be well advised to educate their used-car people. One may have to learn where to sell these cars, but the market is there. Someone must like Boss Mustangs. Chrysler's performance products of the mid-to-late '60s and early '70s are also worth looking into. And nice convertibles are getting stronger all the time. It is, however, a specialized market and to work in it, with any degree of success, requires doing a little homework.

One weekend this spring, while en route to the garden shop, I passed a Ford dealership that was sponsoring a Mustang show. I was tempted to forego my gardening and spend a few pleasant hours looking at some incredibly beautiful cars. Our teenager, who drives a late model "sporty" car, is wild about the early Challengers and bugs me to buy one. I have managed to avoid it by replying, "Where would we put it?"

Perhaps the auctions could take a more active role in this area. I notice some auctions do have "special interest" lanes, but I have seen a weird arrangement of cars and dogs coming through, hardly a consistent grouping of cars. □

This column is prepared exclusively for *Automotive Executive* by James "Harry" Lawrence, editor of the NADA Official Used Car Guide. All comments or questions pertaining to this column should be mailed to: Auction Block, *Automotive Executive*, 8400 Westpark Drive, McLean, VA 22102-3593.



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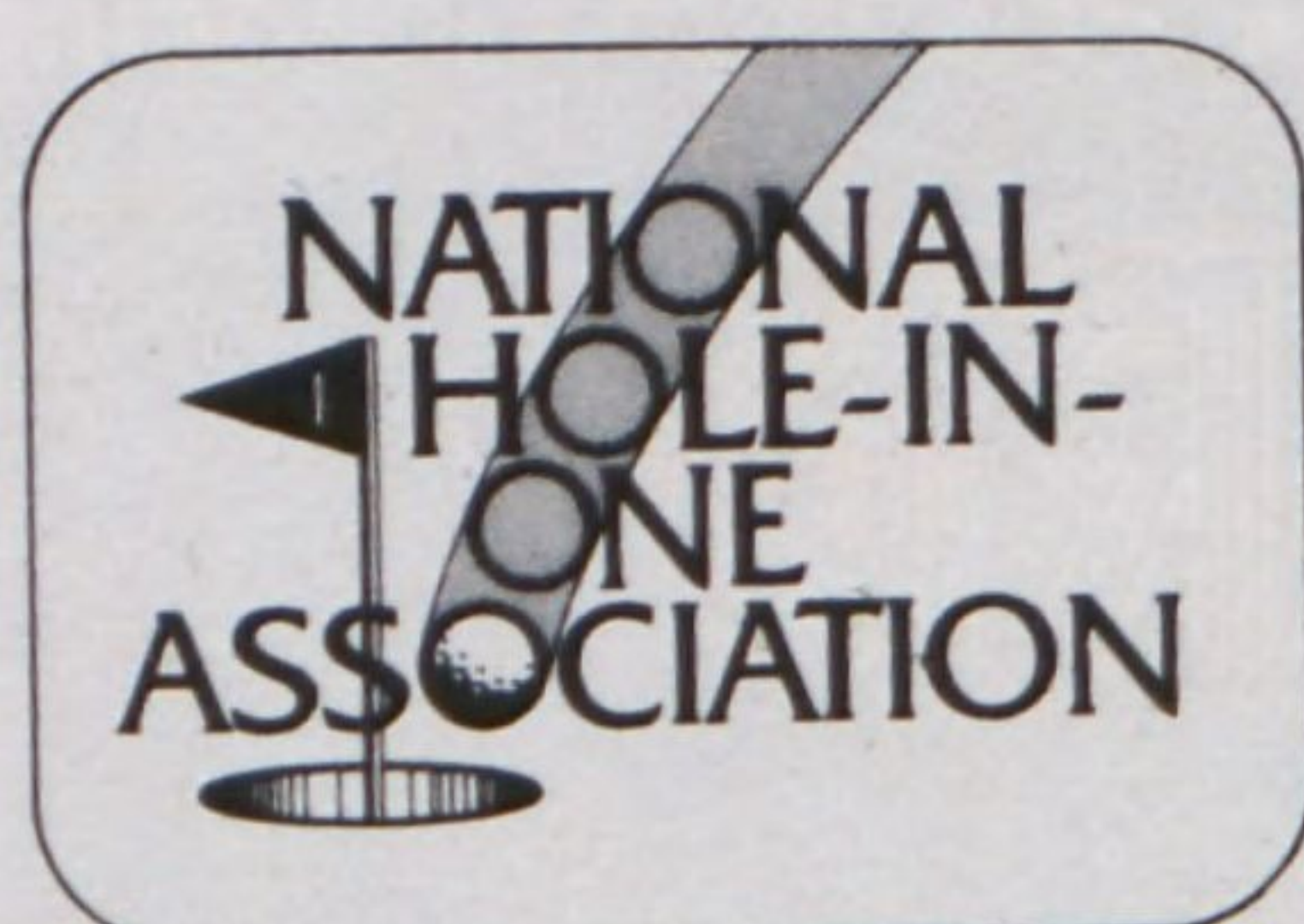
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SEZ



# The NEW ISUZU IMPULSE: Engineered with Style

by Miroslav Hrihoriev

**I**f you want to see just how international the automobile industry has become, look no further than the new Isuzu Impulse. Here's a car styled in Japan (by a company one-third owned by General Motors) and distributed here by a U.S. corporation selling through a network of independently owned local dealers.

That this sort of complex undertaking can take place at all shows just how much the industry's way of doing business has changed over the past few years. That the complex chain produced a successful car like the Impulse demonstrates how well the system can work.

The car was first shown back in 1979 at the Geneva Auto Show. Then, it was called the *Asso Di Fiori* (Ace of Clubs). In truth, the whole thing was a styling exercise commissioned by Isuzu and executed by Ital Design. (That's the studio of Giorgetto Giugiaro, Italy's current superstar industrial designer, whose other work includes the VW Rabbit, the ill-fated DeLorean and

the Nikon F3 camera.)

Giugiaro pioneered the angle-and-plane, truncated-wedge shape that has become the dominant look in small cars. This car, though, was different. It was much rounder and swoopier and right in step with the industry's latest trend—aerodynamics and the high technology it symbolizes.

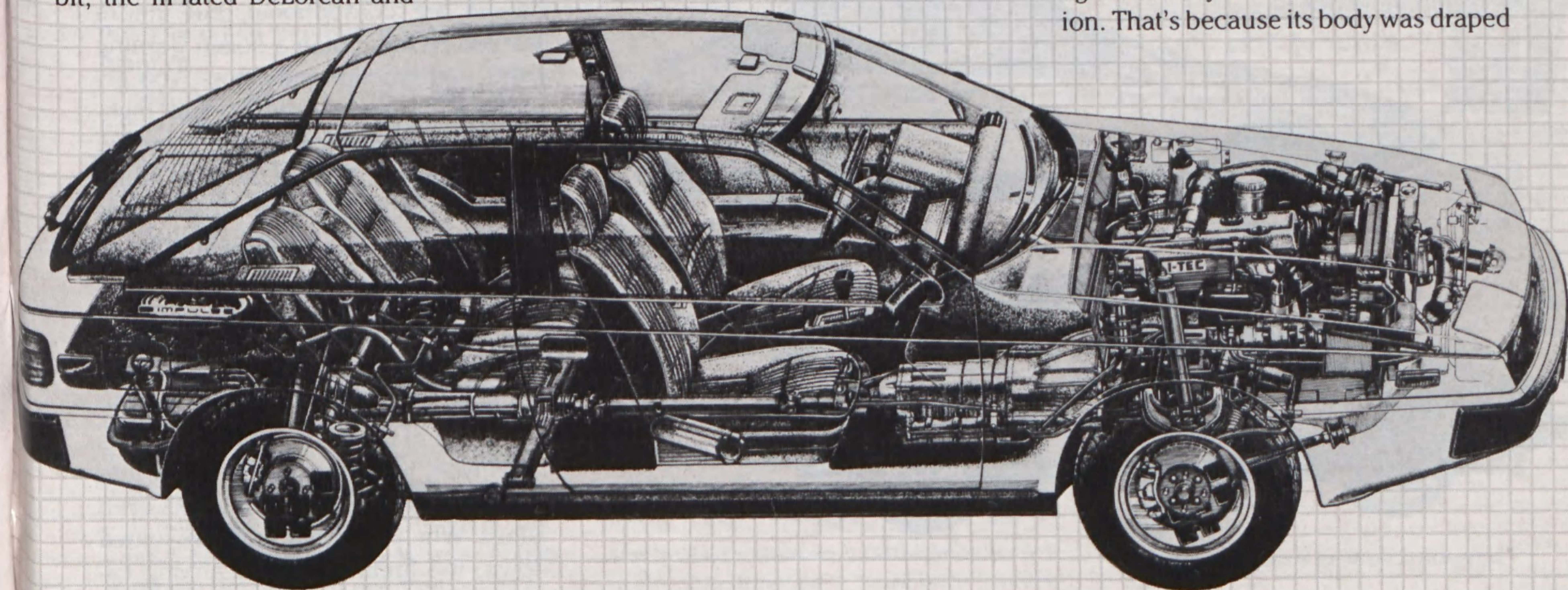
Unlike some other show cars, the Ace of Clubs was meant for production and soon found its way to Isuzu's engineering labs where the complex job of transforming models and drawings to production-line reality was accomplished. In 1981, it re-emerged as the Piazza in Japan, and now it comes to the U.S. as the Impulse.

This automobile falls into a growing segment of the market populated by cars that combine the sporty with the

practical. Their styling is contemporary; they have 4-passenger interiors; acceptable degrees of performance and luxury; good fuel economy; and, by today's standards, an affordable price. For lack of a better name, they're being called specialty cars.

To the eye, the Impulse is obviously different. It has a pronounced wedge profile, but otherwise it's all curves and contours. It's shaped like a stylized egg, with a surface nearly as smooth. There are no more protrusions or seams than absolutely necessary. Glass is flush with the body; the drip rails are concealed beneath door sills that curve up into the roofline; and even the emblems are flush. This is definitely the look of the '80s and variations of it can be seen in the new Ford cars, the Honda Prelude and the latest Audis. However, it can be said that Porsche was there first with its 924 and 928. No matter, it's a style we'd better get used to, because it's going to be with us for a while.

Mechanically, the Impulse goes against today's front-wheel-drive fashion. That's because its body was draped





over the existing platform and drivetrain of Isuzu's I-Mark, which is also shared by Chevy's Chevette. This entails some sacrifice of interior volume and adds weight, but it's more a matter of packaging than anything else. Whether you're pulling from the front or pushing from the rear has little to do with a car's integrity; each engineering style has advantages and disadvantages.

Otherwise, the Impulse is right with the times in most areas and ahead in some others. Under a front-hinged hood that exposes more of the engine compartment than you're likely to see on most other cars, there's a 2-liter single overhead cam engine that puts out a respectable, though not overwhelming, 90 horsepower.

The engine's dominant feature is an electronic fuel injection system, called I-TEC, that uses a microcomputer to monitor and control engine performance by analyzing and manipulating ignition timing, temperature, air-intake volume and other functions. A 5-speed manual transmission is standard and a 4-speed automatic is optional. (The only other option is a cassette deck; everything else, including 4-wheel disc brakes, electric windows and power steering, is included in the package.)

The Impulse's suspension forsakes the almost universal MacPherson struts in favor of double-wishbones and coil springs in the front and a 3-link torque tube with coils in the rear. Steering is variable power-assisted rack-and-pinion. These combine to give the car a comfortable ride

and handling that matches its sporty image.

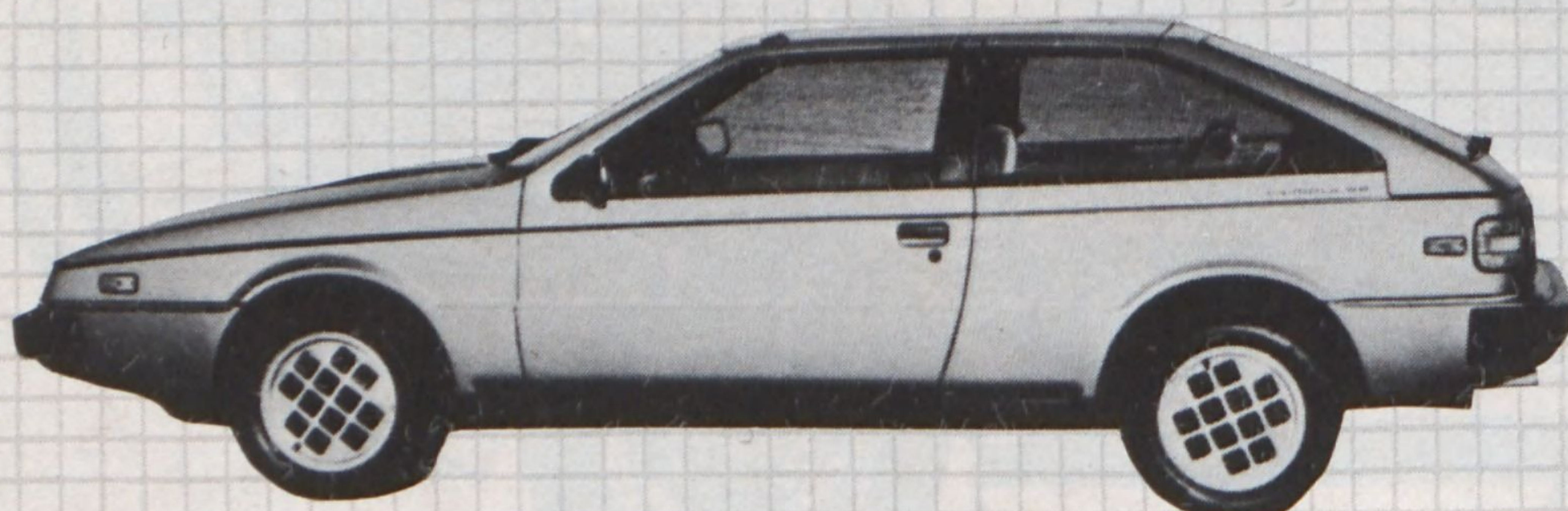
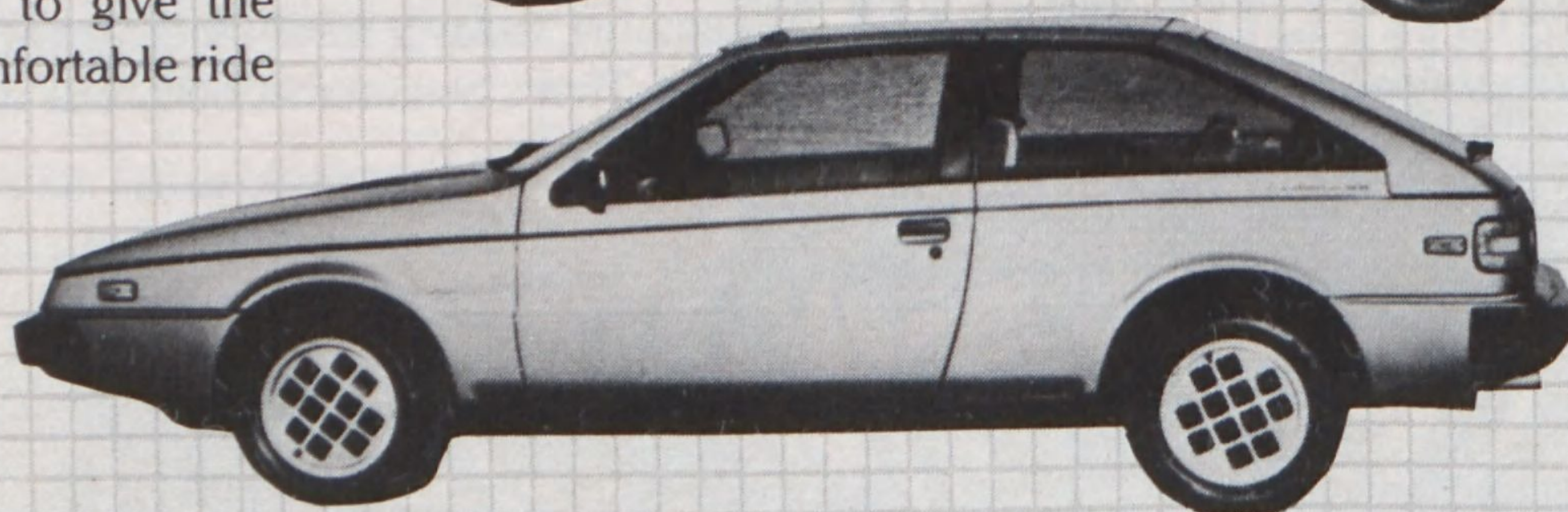
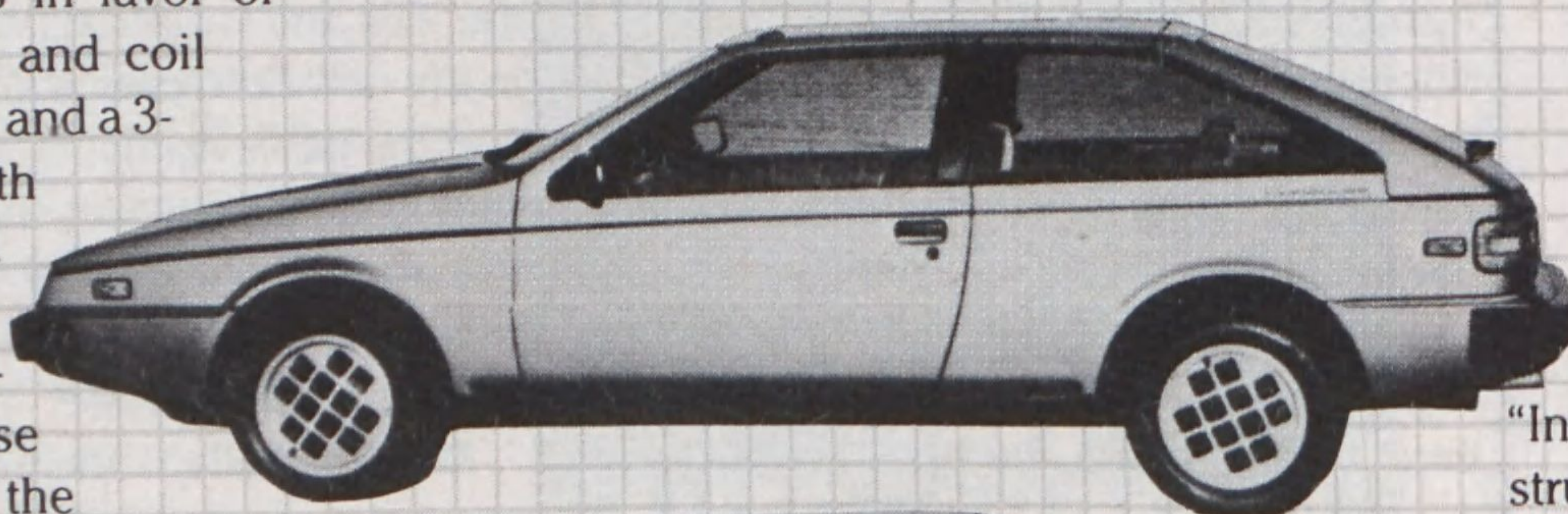
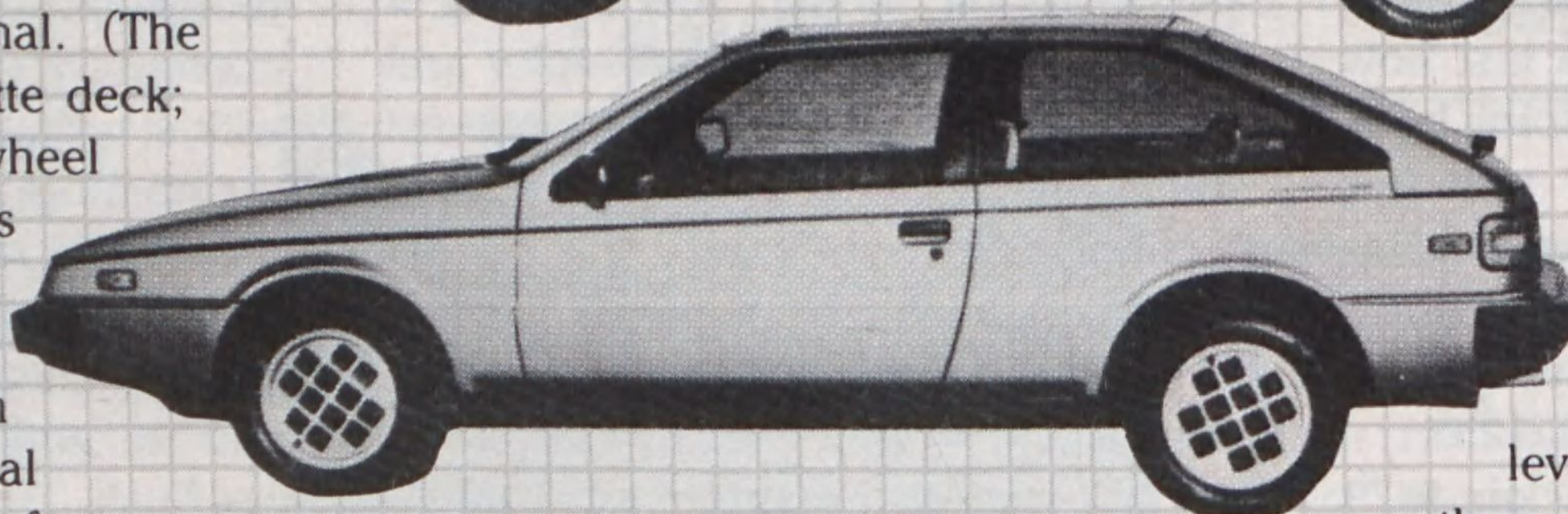
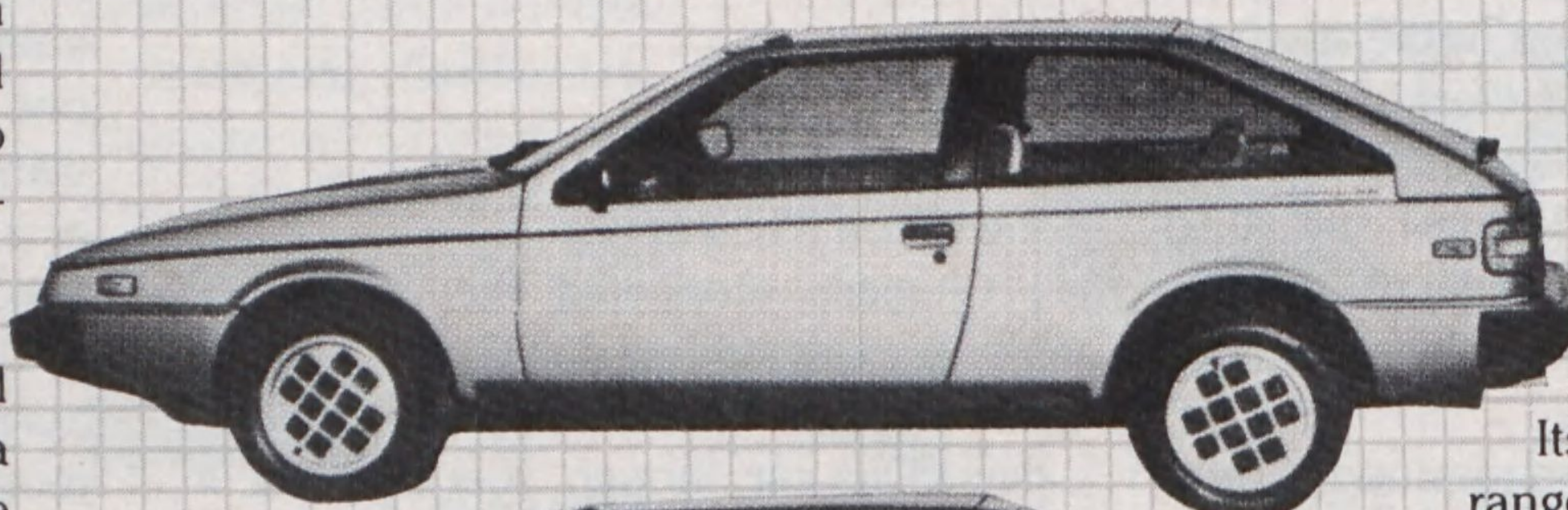
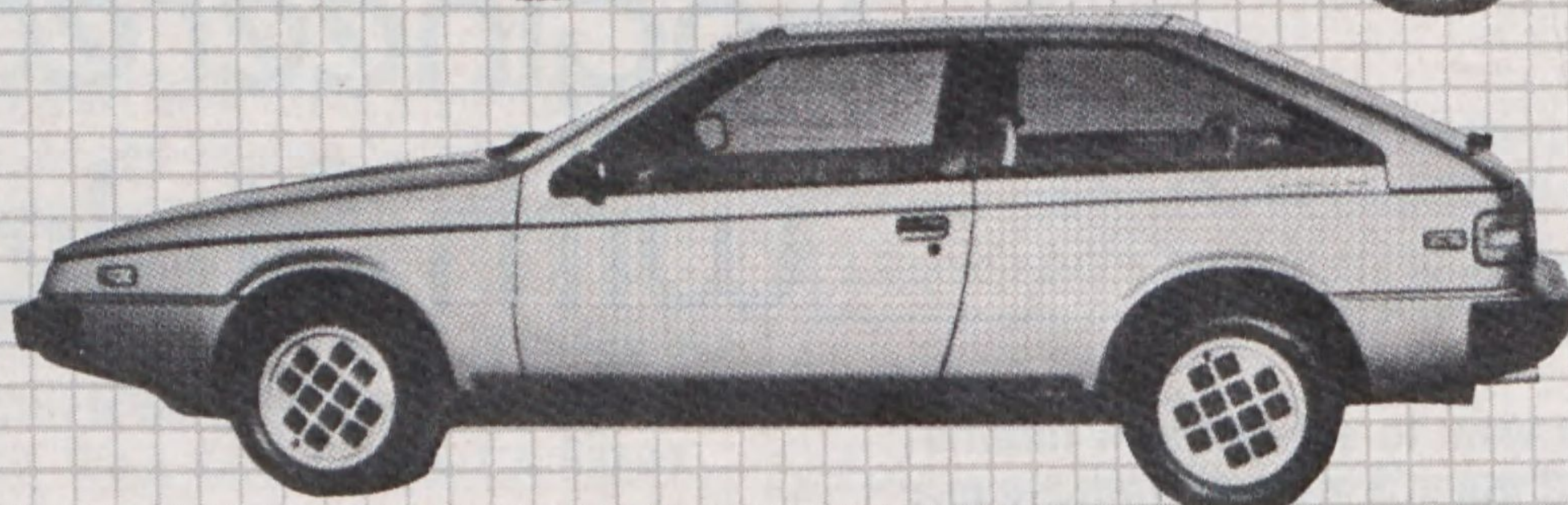
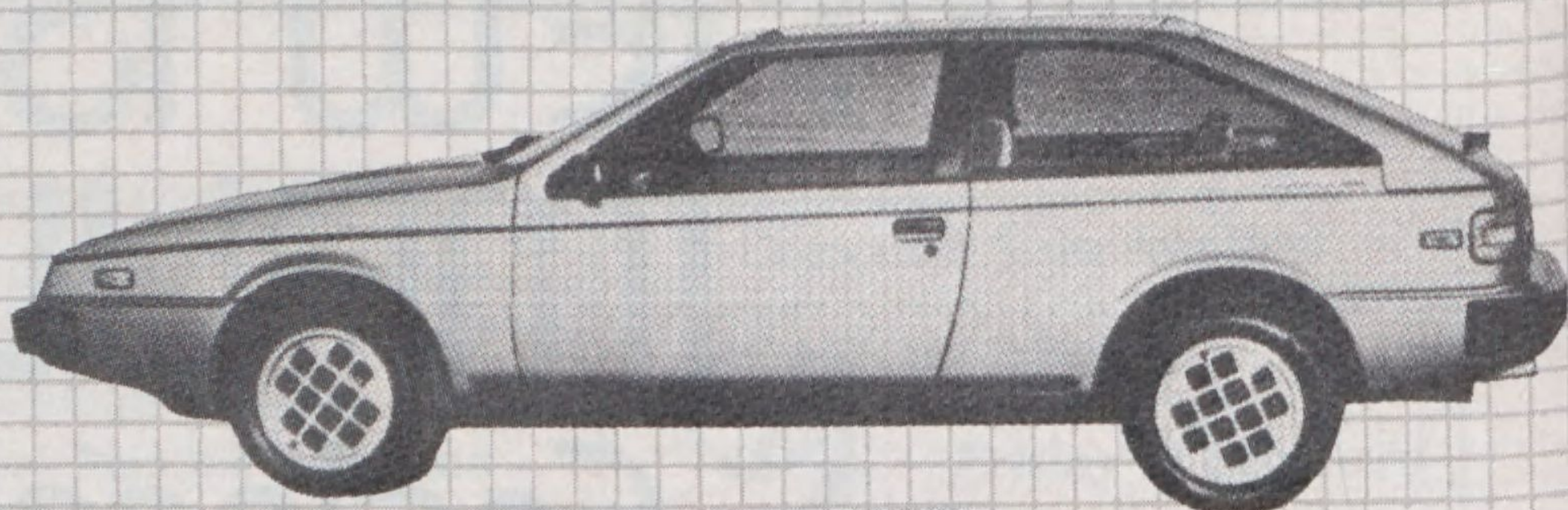
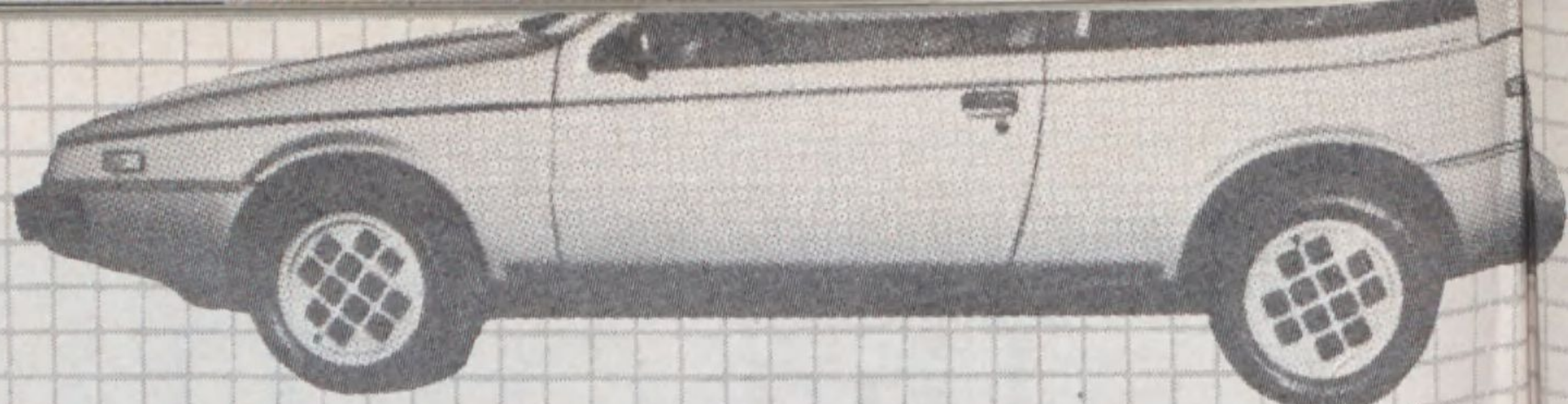
Where the Impulse truly excels is inside.

Its controls are arranged so that driving becomes a finger tip exercise. By using miniaturized electronic switching, and doing away with lots of cables, knobs and

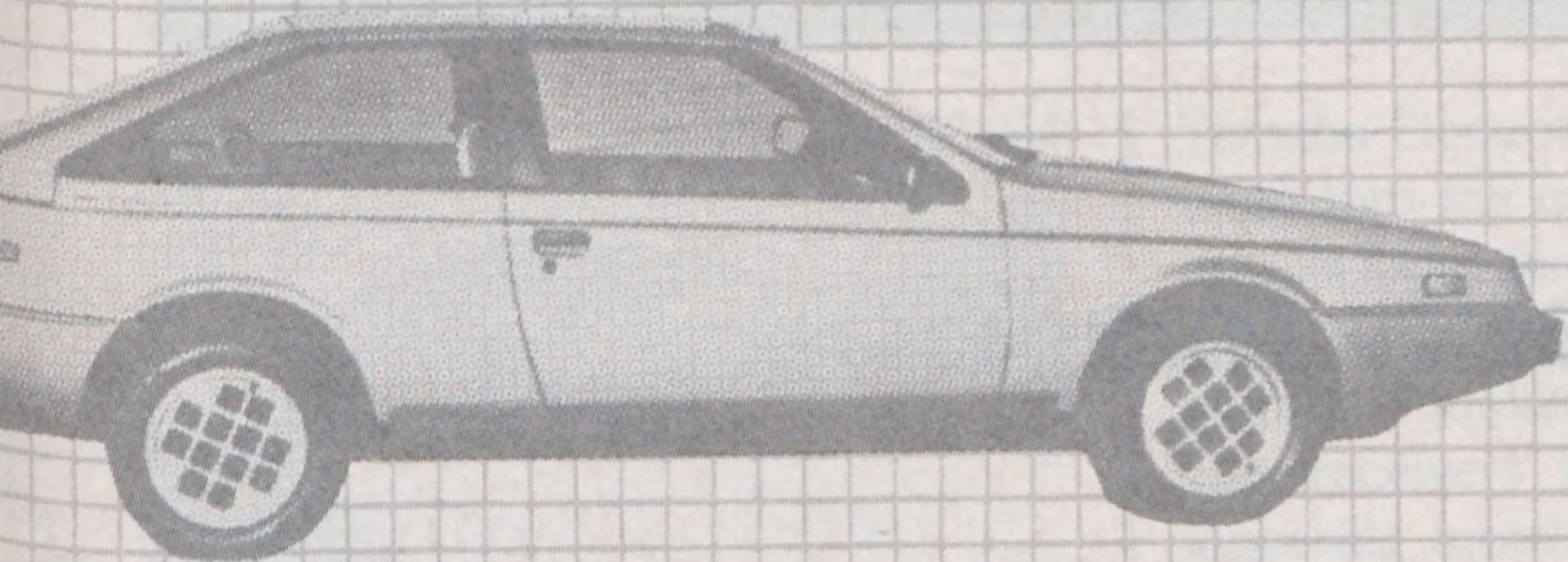
levers, the Impulse clusters the command buttons for cruise control, lights, wipers, air conditioning, heating and a number of other functions into a pair of small, adjustable pods within the digit's reach of the steering wheel.

Isuzu wisely chose not to go the full "Invaders-From-Space" route with its instruments. The speedometer and tachometer are conventional, but they're flanked by more than a dozen warning lights and function indicators. You get lots of information without being "high-teched" to distraction. In the center of the dash there's a handy standard monitor that displays the time and can call up the date, mpg, trip length and timer at the touch of a button.

Passenger accommodations are first-rate, with quality trim and furnishings throughout for lots of comfort. The seating area is designed to make the Impulse one of the most comfortable cars of its type, with rear-seat room for full-sized adults. The rear seat backs even adjust. When both rear seats are folded down, the Impulse has a carrying capacity of almost 30 cubic feet.







The multi-adjustable front seats feature a 3-position lumbar support adjustment for the driver and a walk-in feature on the passenger side for easier access to the rear seats. Each door has a lined storage bin, cigarette lighter and ashtray and power window control. The driver's door also contains the switch for electric adjustment of each rearview mirror. And the air conditioning has 14 outlets and an automatic temperature control system. It's a long list, and makes the car a bargain at a manufacturer's suggested retail price of just under \$10,000.

That's the good news. The bad news is that there probably won't be nearly enough Impulses to satisfy consumer demand. And therein lies Isuzu's dilemma.

This is a venerable company that began in 1916. It was known for trucks, buses and diesels until 1953, when it began producing Hillmans under license from Britain. Since then, cars have been a part of Isuzu's output. In 1972, it began making the LUV pickup for Chevrolet and in 1976, the Opel for Buick. GM acquired 34.2 percent of Isuzu along the way as the company prospered in a steady, if unspectacular, manner.

A later starter in the American market, Isuzu couldn't have picked a worse time to hang out its shingle. "We incorporated in June of 1980," recalls Jack Reilly, the company's senior VP and general manager. "But in October of 1980, the 25-percent truck duty hit us and, of course, the year after that, they hit us with the quotas." Looking to head off trade restrictions, the Japanese auto industry imposed limits on itself that year. Isuzu, as a newcomer, was allotted a quota of 17,000 units a year.

It wasn't as though we came into the market knowing the quotas were going to hit us. We came in and they hit us afterwards, and that's devastating," Reilly

says. But the company was committed and it made the best of it, selling more cars and trucks than any other importer had in its first year.

Reilly, who began his career with GM, left to become general manager of VW and also established Porsche-Audi, worked to build a network of 204 Isuzu dealers. "We did the Sun Belt states, West Coast, across the South, in to Florida, up to Maryland, and that's when the quotas got us." It left the company woefully thin in some areas. A person who lives in New Jersey, say, can get an Isuzu car serviced, but he has to go to Maryland to buy it.

"I would like to have 450 to 500 dealers nationally," Reilly muses. "And then I would like to have an opportunity to see what we could sell." While he's waiting for that to happen, his intention is to make Isuzu into a company different from the rest of the Japanese importers. "We will definitely position ourselves as the specialty, high technology—and, granted, higher prices—producer. No one has taken that position yet; everyone is fighting each other for volume. We want to be the BMW of Japanese cars."

Some might say that Honda has already earned that title. But the Impulse can go a long way toward fulfilling Reilly's wish. "It looks like all we can produce by the end of this year is slightly under 10,000 Impulses," he says, adding, if dealers can keep the price close to suggested retail, they'll probably sell every one of them. That may not anoint Isuzu as the Japanese BMW, but it should go a long way toward meeting another of Reilly's goals.

"What I'm looking for is to get Isuzu established as something other than a funny name," he says. "I would like to see it established as a name which says high technology, specialty automobiles, the cream of the crop." □

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# The Service Department

## Building A Quality Image

**T**he service department takes the largest share of the reputation burden in a dealership. Customers will usually visit the showroom only a few times, and it is usually a positive experience. But during the life of the vehicle, the customer will visit the service department often, usually in a negative frame of mind. Regardless of how trouble-free the car has been, a visit to the service department means an expenditure of time, money and, often, emotion.

There are many things you can do to help make visits as painless as possible. The more services you provide for your customers, the better your rapport and eventually your reputation. This industry has had a dubious reputation in the past, with the repair end having the worst. A better public image is now seen as imperative. Each of us must do our share as every dealer's actions are a reflection on the entire industry.

There are two basic image-building categories you need to strengthen. The first is the external image you present to the community as a businessman; the second is the image your business presents to your customers. To beef up your community image, manufacturers, dealer groups and government agencies offer cooperative programs designed to present you and your business in the best possible light. Some of these programs are affiliated with local public service organizations, such as the Knights of Columbus, Elks and Masons. The fastest and most effective way to bolster your public image is to provide free public services, such as service clinics, bicycle safety clinics (free support is usually available from local police departments), billboards reflecting your concern over safety belt use and anti-drunk driving programs, sponsoring tours of assembly plants for children's groups and thoughtful, honest advertising. Two public-interest programs currently receiving much attention from dealers are anti-drunk driving and seat belt usage. (Contact NADA's Alan Marlette at (703) 821-7071 for further details.)

The image you build with your customers has to be constantly reinforced. This is done by providing fair prices, quality workmanship and personalized service. There are several inexpensive and effective techniques to this end.

The telephone is the single most effective money-making tool in your possession. Contact the phone company and have them conduct a seminar for your employees on proper phone manners and phone sales techniques. In addition, consider installing a special phone number for the public to phone in any complaints. Make sure the number is common knowledge among your customers. This will reduce the number of cus-

tomers who contact manufacturers and will instill greater confidence in your organization.

A clean, presentable facility in every area, including personnel, is imperative. If your shop, waiting room, parking lot or reception area are *not* clean, it is a reflection of the quality and attitude of employees. A dirty shop lowers customers' confidence in the technicians working on their cars.

Above all is the attitude of every person in the dealership. The single most common complaint associated with poor customer satisfaction is employee apathy. Employees' enthusiasm and genuine concern about customer satisfaction cannot be over-emphasized. The phone operator's cheerful greeting and prompt handling of a call is the beginning. The assistant service manager's ability to understand and empathize with the customer and the final cheerful "thank you" from the cashier all play major roles in your business' ability to present a positive image. (Along the same lines, I changed the title of the service writer to an assistant service manager for two reasons. First, the employee has a higher self-esteem and second, the public respects and trusts a manager more than a service writer.)

In speaking to employees about attitude, I always bring up customers' natural feelings of apprehension, distrust and cynicism. I ask them to think of a product that they own that they are not technically familiar with. If a repair becomes necessary on one of these products you enlist the services of a professional. You seek out good prices, good quality, speedy service and above all, a good reputation. If it sounds familiar, it is because that is what most service customers are looking for when they come to your store. In short, it is a practical application of the golden rule. It is in everyone's job description to constantly strive for a better image through attention to detail in their everyday tasks. The people who are closest to the problem are also the people closest to the solution.

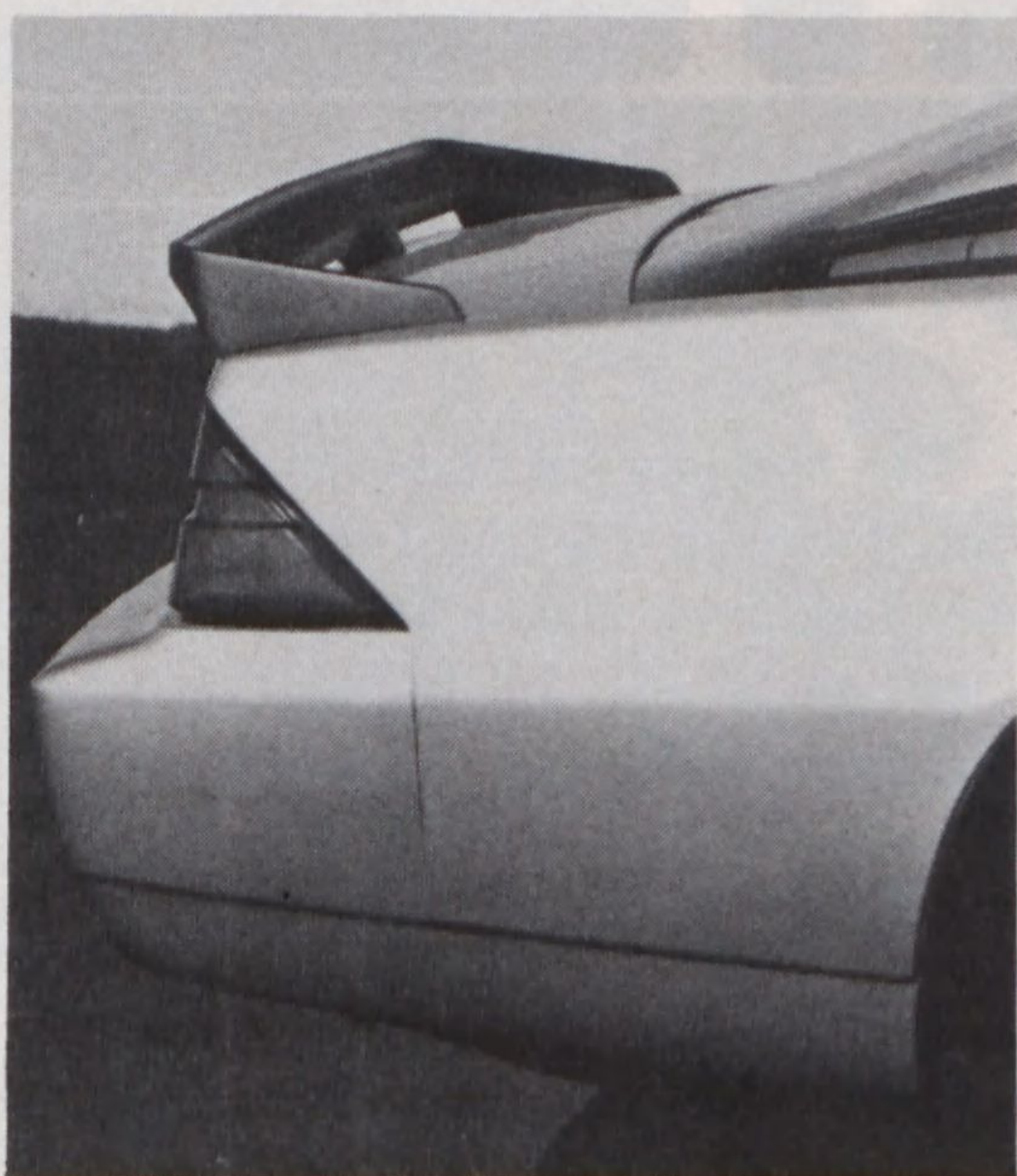
An unhappy customer will speak to 10 people about his experience, while a happy one will speak to only two. Those are difficult odds to overcome once they have been established, so make every effort to strengthen your position in your dealership and the community.

A good reputation is the culmination of everyone working hard, not for a long time but *forever*. □

This column is prepared for **Automotive Executive** by Ron Joffe, Service Director, Straub Motors Inc. All questions or comments pertaining to this column should be mailed to: **The Service Department, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3953.**



# Showcase: What's New On The Market

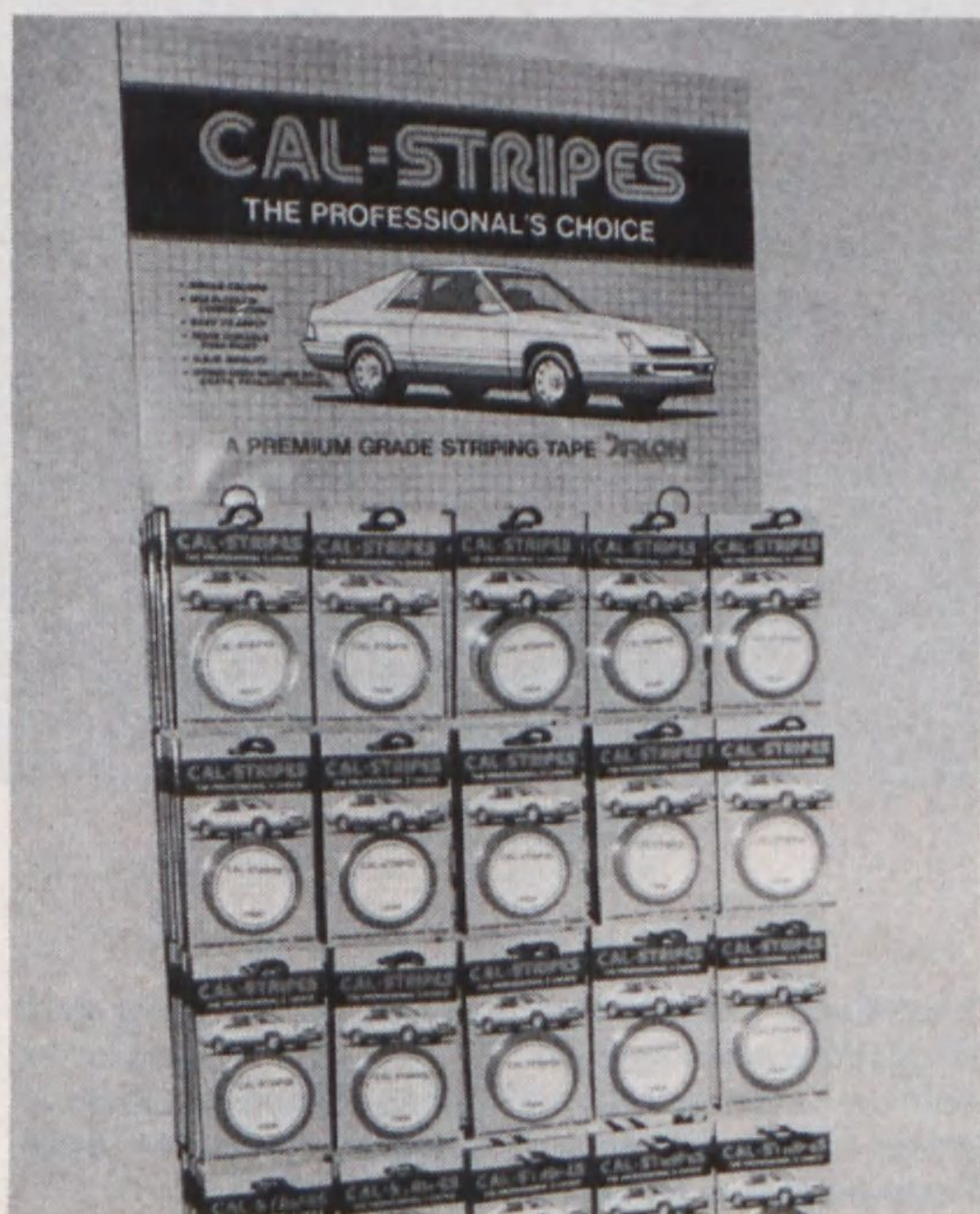


Kamei Auto Extras is introducing a new **rear spoiler** for '82 and '83 Camaros and Firebirds. According to the manufacturer, the new rear spoiler combines style with function to improve handling, wind resistance and mpg. The spoiler has a textured finish and is manufactured from shock-resistant black polyurethane foam for strength and flexibility. The spoiler is designed for do-it-yourself installation and painting with mounting hardware and instructions included. Manufacturer: Kamei Auto Extras, North Haven, CT. ■

(For more information circle # 81)

Arlon Inc. has available a new **wall rack** with an assortment of Cal-Stripes multi-color striping tape in 50-foot rolls. The company also offers a 6-foot revolving floor rack with a 700-roll capacity. All Cal-Stripes are manufactured from Arlon's "Calon" vinyl films. Manufacturer: Arlon Inc., Santa Ana, CA. ■

(For more information circle # 82)

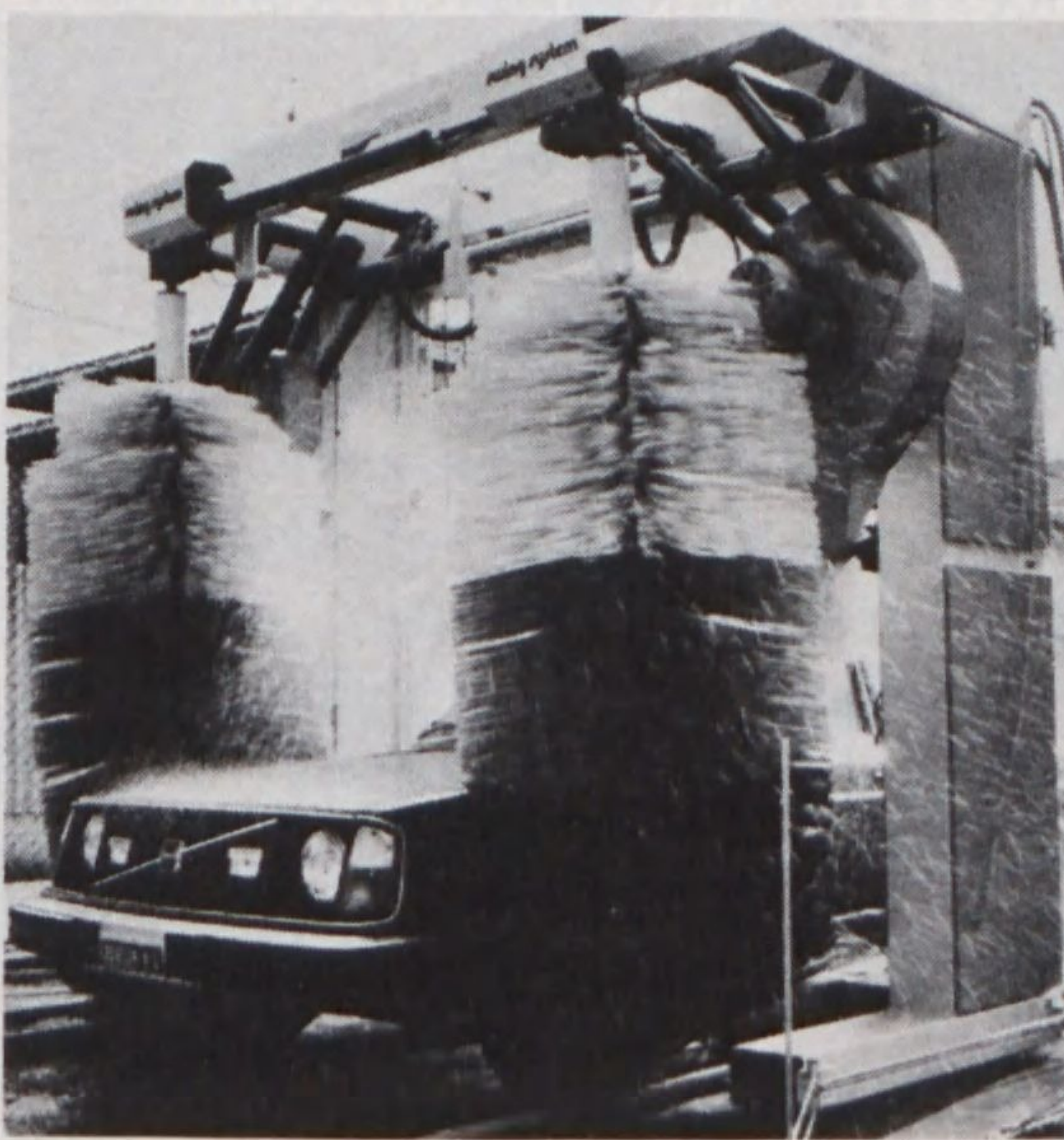


Yamaha Electronics Corp. USA has entered into the car audio field. Its new line includes three **cassette receivers** as well as two power amplifiers, a graphic equalizer and eight speakers. The receivers incorporate many engineering innovations, including electronic synthesizer tuning, automatic reversing and bottom-loading tape transports with full logic control. Manufacturer: Yamaha Electronics Corp. USA, Buena Park, CA. ■

(For more information circle # 83)

According to Sherman Industries Inc., its "Oceanic" rollover **carwash** provides a superb wash with low energy consumption, noise and cost. The unit automatically washes vehicles of any shape and size up to van height. Two models in the Oceanic line also come with integral dryers. The unit is designed to fit a normal wash bay and requires no special partition for installation. Manufacturer: Sherman Industries Inc., Palmyra, NJ. ■

(For more information circle # 84)



Applied Power Inc. is adding a new model to its Marquette line of **battery chargers**. The model "39-110" battery charger handles all 6- and 12-volt battery jobs and delivers a discharged battery rating of 100 amps for 6-volt batteries, 80 amps for 12-volt batteries and a 300-amps boost. Other features include a 2-hour timer with hold position for automatically timed or continuous charging and a 5-position switch. Manufacturer: Applied Power Inc., Milwaukee, WI. ■

(For more information circle # 85)



Jayco Inc. is introducing a new line of low priced **van conversions**. The conversions come with standard features the company says many other similarly priced vans include only as options, such as dashboard air conditioning, tilt steering wheel, power steering, power brakes and automatic transmission. The "5000 series" vans are available with either a straight or raised roof and are available on Ford, Chevrolet, GMC and Dodge chassis. Manufacturer: Jayco Inc., Middlebury, IN. ■

(For more information circle # 86)

Johnston Environmental's Flex-Shield **strip doors** block weather, dust, insects, birds and other outside intrusions while still allowing a free flow of personnel and equipment. The manufacturer says that its product reduces heating and cooling costs by blocking the transfer of outside and inside air while permanent doors are left open. Manufacturer: Johnston Environmental, Santa Ana, CA. ■

(For more information circle # 87)



Information and photographs of products listed in "Showcase" have been provided via manufacturer's press releases. A product's appearance in this column in no way implies endorsement by either NADA, the NADA Services Corp., or Automotive Executive.





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## Other Voices

### Congratulations to the Time Quality Dealer

Some of the "biggest" men I know come from small towns. John Haggin Cooper of Georgetown is the latest example of hometown boy makes good.

I couldn't be prouder of John Haggin, because his reputation as a man who treats his customers fairly, who can be trusted and who will do what he can to help the community stretches all the way to such "metropolises" as Lexington, Winchester, Cynthiana, Frankfort—and beyond!

Word of mouth is the best advertising in a small town, and it's refreshing to learn that *Time* magazine heard the message from our small town, Georgetown.

As John Haggin's congressman, I would like to congratulate him and commend him for his exemplary services as a businessman and community leader.

**Rep. Larry Hopkins**  
Lexington, KY

I thoroughly enjoyed reading the profile of John Haggin Cooper in your May issue. He has had a fascinating career, and I am sure his story was of considerable interest to your readers.

Congratulations are in order to John Haggin for being selected as a *Time* Magazine Quality Dealer of the Year. He is a successful car and truck dealer and one of his community's outstanding citizens. That combination is hard to beat.

**Sen. Wendell Ford**  
Owensboro, KY

I want to offer congratulations to John Haggin Cooper. His business accomplishments and civic achievements are to be commended. He represents Kentucky well.

**Gov. John Brown**  
Frankfort, KY

### Some Words From The Winner

One hundred and seventy years ago, Jacob and Wilhelm Grimm managed to turn a toad into Prince Charming.

This feat has not been repeated until Ben Pope did it with a 1-eyed, wrinkle-faced old frog, in your May issue.

Mr. Pope is a mighty skilled word merchant and magician, as well as an exceedingly kind gentleman.

We deeply appreciate your arranging for us to be featured in your fine magazine.

**John Haggin Cooper**  
Logan, Haggin &  
Cooper Ford  
Georgetown, KY

### More On The May Issue

I compliment all those involved in the publishing of *Automotive Executive's* May issue. I continue to enjoy seeing you improve this important and well-respected publication. Every issue I receive seems to be better done, with more pertinent and up-to-date information for those of us associated with the automobile industry.

In my term as president of the Utah Automobile Dealers Association in 1981-82, I gained much respect for NADA. Thank you again, and please keep up the good work.

**O. Bryan Wilkinson**  
Cottonwood Chrysler-  
Plymouth  
Murray, UT

### Buyer's Guide Spreads

On May 12, via our newsletter to members, we announced that NADA's Buyer's Guide was in print and available. I thought you would like to know that within the first week we received orders for more than 50,000. Our thanks to NADA for its help in getting our particular problems with the Buyer's Guide worked out and our program in place.

**Norma Sharp**  
New York State Auto  
Dealers  
Albany, NY

This column, "Other Voices," provides a forum for our readers' opinions and comments. We invite you to submit letters about the magazine's content or the automotive industry in general to: **Other Voices, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3593.



# IF YOU'VE SOLD US ONCE, YOU'VE SOLD US A MILLION TIMES.

If you want to know where American Warranty Corporation is these days, you've got to look in the right direction: up! As in *on top*. Because American Warranty just passed a milestone destined to become an industry standard—our *one millionth* service contract.

The largest independent administrator of service contracts in the nation, American Warranty is the *first* independent to pass the one million mark. For the customer, that means invaluable experience and knowledge in handling claims. And for the dealer, it means extra profits, plus the reassurance that you're dealing with a company that's here to stay.

And what are we doing to celebrate? Introducing a whole new program for '83! Reduced rates on hundreds of new and used vehicle models; expanded benefits for towing and rental cars; dynamic new dealership display materials that pre-sell your customers on American Warranty products—they're all part of a comprehensive program designed with one goal in mind: extra profits for you.



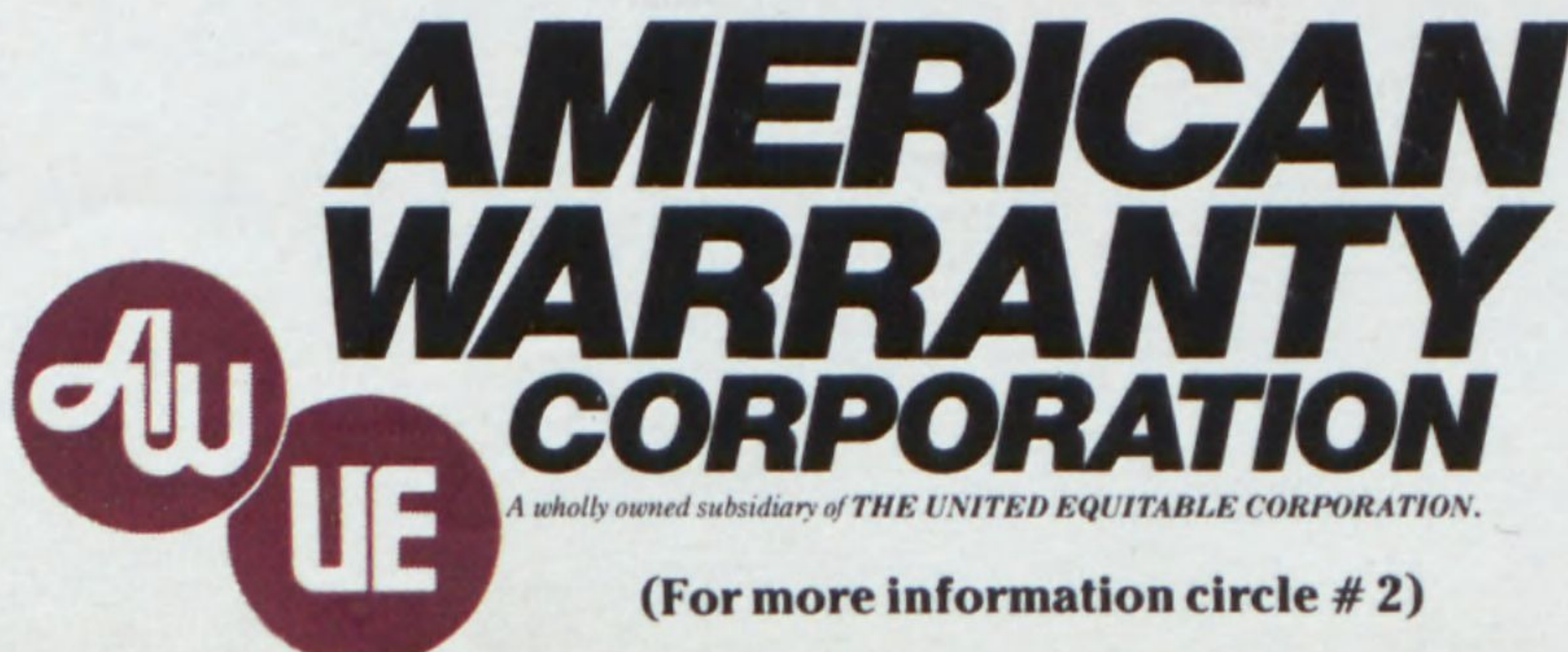
So if you're looking for extra profits on the cars you sell, give American Warranty a call.

*You've sold us a million times. And a million buyers can't be wrong.*

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